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**IMPORTANCE OF EVALUATION OF BUSINESS OPPORTUNITY IN
THE PROCESS OF NEW VENTURE CREATION
EXAMPLE OF PRIVATE ENTREPRENEURIAL INITIATIVE IN
PRESCHOOL EDUCATION**

**ZNAČAJ PROCJENE POSLOVNE PRILIKE PRILIKOM
POKRETANJA POSLOVNOG POTHVATA
PRIMJER PRIVATNE PODUZETNIČKE INICIJATIVE U
PREDŠKOLSKOM ODGOJU**

ABSTRACT

Entrepreneurial process is the process from idea to entrepreneurial venture. It consists of several phases that guide future entrepreneurs through the process of idea validation and defining all the elements needed for starting a business venture. Understanding the entrepreneurial process is important for understanding "the big picture" of entrepreneurial venture, which includes all the elements that are needed to convert an idea to a successful business venture. The most important thing in this process is to evaluate whether an idea is a business opportunity. Business opportunity is the initiator of business venture and it consists of a series of circumstances in the market that enable turning a business idea into a business venture. There are many tools and methods that can be used in the process of evaluation and validation of a business idea. These methods can also help in the process of modification and adaption of the business idea to the environment in which the business venture will develop. Vast majority of entrepreneurs pay too much attention to business idea and they decide to start a business venture without a lot of thinking and researching. Because of that, many business ventures fail at the beginning of their existence.

The goal of this paper is to explain the importance of understanding the difference between business idea and business opportunity, to explain different methods of evaluation of business opportunity and to explain the importance of balance of the main elements of business venture (business opportunity, resources and team). Using the example of private initiative in

preschool education (starting a Montessori kindergarten,) the goal is to show how a seemingly good business idea does not have to be a good business opportunity.

Key words: *entrepreneurial process, business opportunity, evaluation of business opportunity, new venture creation*

SAŽETAK

Put od ideje do poslovnog pothvata nazivamo poduzetničkim procesom. Poduzetnički proces sastoji se od nekoliko faza, koje vode budućeg poduzetnika kroz proces vrednovanja ideje i definiranja svih elemenata, potrebnih za pokretanje poslovnog pothvata. Razumijevanje poduzetničkog procesa važno je za razumijevanje „velike slike“ poduzetničkog pothvata, odnosno razumijevanje svih elemenata, koji su potrebni da se ideja „pretvori“ u poduzetnički pothvat. U tom procesu, ključno je procijeniti je li ideja ujedno i poslovna prilika. Prilika je pokretač poduzetničkog procesa; čini ju splet okolnosti u okruženju koje omogućavaju realizaciju poslovne ideje u poslovni pothvat. Kako bi procijenili je li ideja poslovna prilika (može li se realizirati u uspješan poslovni pothvat), poduzetnicima stoje na raspolaganju brojni alati i metode vrednovanja i procjene poslovne ideje, koji ukazuju na prednosti i nedostatke ideje, te daju mogućnost modificiranja ideje i njeno prilagođavanje okruženju u kojem se poslovni pothvat razvija. Velika većina poduzetnika daje preveliku važnost ideji, te kreću u pokretanje poslovnog pothvata, bez da su prethodno ispitali postojanje poslovne prilike. Zbog toga i veliki broj poduzetničkih pothvata propada već u prvim godinama svog postojanja.

Cilj ovog rada je objasniti važnost poznavanja razlike između ideje i poslovne prilike, objasniti razičite metode vrednovanja poslovne prilike, te značaj usklađenosti elemenata poduzetničkog pothvata (prilika, resursi, tim). Na primjeru privatne inicijative u predškolskom odgoju (otvaranje dječjeg vrtića Montessori) željelo se pokazati kako naizgled dobra poslovna ideja ne mora nužno biti i dobra poslovna prilika.

Ključne riječi: *poduzetnički proces, poslovna prilika, vrednovanje poslovne prilike, pokretanje poslovnog pothvata*

1. Introduction

Entrepreneurial process is the process from idea to entrepreneurial venture. It consists of several phases that guide future entrepreneurs through the process of idea validation and defining all the elements needed for starting a business venture. Understanding the entrepreneurial process is important for understanding "the big picture" of entrepreneurial venture, which includes all the elements that are needed to convert an idea to a successful business venture.

The environment in which an existing venture operates or a future venture is being created often changes and it is therefore crucial that entrepreneurs keep track of all the changes in the market. In the free market system, opportunities arise when circumstances change, when chaos and confusion occur, when inconsistencies, lagging behind or leading are detected, when there is knowledge of, or lack of information, and when various gaps in an industry or a market arise (Timmons, 2003). For these reasons it is very difficult to define a model according to which opportunities arise, which would serve as guidance for entrepreneurs. A constant interaction of ideas, circumstances in the real world and entrepreneurial creativity is

shaping and creating opportunities, and this interaction is a highly dynamic and complex process.

2. Entrepreneurial process

The entrepreneurial process consists of several phases, which are mutually intertwined and enter one another (Hisrich, R.D, Peters, M.P., Shepherd, D.A., 2011, Barringer, B.R., Ireland, R.D., 2010). According to Barringer (2010), flow chart of the entrepreneurial process begins with a person's decision to become an entrepreneur. After making the decision, entrepreneur must successfully develop his or her business idea through opportunity recognition, analyse their feasibility, develop a business plan, analyse the industry and competition, and then develop an efficient business model.

According to Barringer and Ireland (2010.), the entrepreneurial process consists of the following 4 steps:

Step 1: Deciding to become an entrepreneur

Starting a business venture is preceded by a person's decision to become an entrepreneur, i.e., desire to start a business venture. People become entrepreneurs for various reasons, but primarily because they want to become their own boss, realize their own ideas, and/or achieve financial gain.

Step 2: Developing successful business ideas

Developing successful business ideas is the second step of the entrepreneurial process, allowing entrepreneurs to reduce the possibility of failure of their business ventures. For this purpose, opportunity is explored, feasibility analysis is performed, business plan is written, plan, analysis of industry and competition is conducted, and developing an efficient business model is given consideration.

Step 3: Moving from an idea to an entrepreneurial firm

The third step in which an idea is transformed into a business venture relates to defining appropriate legal and legislative acts, evaluation of financial viability of the new venture, creation of a team, and setting the basis for financing of the new venture.

Step 4: Managing and growing the entrepreneurial firm

From the moment an entrepreneurial venture is started it is necessary to continuously work on it in order to ensure growth of the firm.

Neglecting and/or skipping individual phases of the entrepreneurial process decreases the possibility of success of an entrepreneurial venture.

Opportunity, team and resources as driving forces of entrepreneurial process, which is dependent on their alignment, are at the centre of the Timmons model of the entrepreneurial process (Timmons, 2003). Every entrepreneurial process starts with *opportunity*, not with money, not with strategies or business plan. Timmons (2003) considers opportunity more important than entrepreneur's talent, abilities of the entrepreneurial team and available resources. *Team* is the second part of the entrepreneurial process, whose strength is reflected in dedication, persistence, motivation, communication and creativity, which is led by entrepreneur /leader, whose task is to transform opportunity into entrepreneurial venture. At the beginning of the entrepreneurial journey entrepreneurs often consider it necessary to have all the available resources immediately, attributing the highest value to money. Timmons

(2003) states that this is a big mistake, and that it is a natural sequence of events that a good business opportunity will attract money. To start the entrepreneurial process it is necessary to define the minimum sum of the required resources using the *less is more* principle, that is, use as few resources as possible and utilize creativity and abilities of the entrepreneur and his team in the beginning. This way of starting a business venture reduces the initial risk and ensures competitive advantage.

In order to seize opportunity, entrepreneur must have a good understanding of the time period in which company can enter the market. Timmons (2003) refers to this time period as window of opportunity. It depends on the size of the market and time when the business venture appears on the market. It is the time when entrepreneur needs to assess whether it is an opportunity to launch their venture, that is, positioning their products/services on the market. If the timing of entering the market entry is well estimated, launched product or service will have greater earnings potential. As the window expands, the market is rapidly growing and engagement by the entrepreneur is necessary in order to obtain the largest possible market share. After some time, the market matures and the window of opportunity for new entries closes. This is the period in which eventual penetration of new ventures on the market is very difficult. The market has become mature, growth has slowed, and it is dominated by renowned companies. This is the time when entrepreneurs need to maintain competitiveness.

2.1. Business idea vs. business opportunity

Idea and business opportunity are often used as synonyms, but that is not correct. Idea is a thought about something, a notion, something that comes to mind. The importance of ideas is often overestimated in practice, because, after entrepreneur gets an idea, what usually has to follow is a series of repeated trials and errors before they actually design or create a product that customers are willing to buy (Timmons, 2003). Opportunity represents a set of favourable market conditions that create the need for a new product, service and/or work (Barringer, Ireland, 2010). An idea may or may not have and meet criteria to be and/or become an opportunity. Often the reason for the failure of business ventures is that entrepreneurs are trying to create a business venture from an idea that doesn't have the characteristics of an opportunity and which doesn't create a need in the market. Every business opportunity contains an idea, but every idea does not necessarily represent a business opportunity.

In order for an idea to become an opportunity for an entrepreneur, it must possess certain characteristics.

Barringer (2010) states that opportunities have four characteristics, which are: attractiveness, timeliness, durability, and that they are anchored in a product, service, or business that creates or adds value for its buyer or end user. In his "four anchors" model, Timmons (2003) claims that a good opportunity is characterized by businesses that create or add significant value for the buyer or end user, solve an important problem or satisfy an important desire for which someone is willing to pay a certain fee/price, have a strong market, high margins and quickly achieve cash inflow: they are big enough, have a high growth rate, strong and achievable inflow of cash, high profit potential (at least 10-15% after taxes), and offer attractive rates of return to investors (at least 25-30%), they are acceptable for the founder and his team at the given time and in a particular market with a balanced ratio of risk and profit.

2.2. How to evaluate business opportunity?

Many entrepreneurial ventures fail not because entrepreneurs that have started them are doing things badly, but because a real opportunity never existed. It is therefore necessary to check, before enthusiasm with the idea takes over, whether the idea satisfies a specific need and whether it meets the opportunity criterion (Barringer, 2010). Once entrepreneur recognizes a

business opportunity, it is necessary to submit it to analyses, which will allow him insight into feasibility and sustainability of a business venture with the aim to reduce risk and prevent creation of losses.

According to Mullins (2003), the principal question that entrepreneurs have to ask themselves is "*Why should this new business venture succeed, when majority of them fail?*" This seemingly simple question helps the entrepreneur explore all the possibilities that are in front of him (both positive and negative) and check whether his idea satisfies the criteria of business opportunity. The Mullins' model for assessing entrepreneurial opportunities offers guidelines and advises entrepreneurs explore in detail all the relevant facts and known aspects before writing a business plan with the intention of accepting, modifying or dropping an idea. Mullins' model is a tool for assessing and shaping business opportunities, and provides an understanding of what is required to establish a business venture (Tomasevic, 2012). The model is based on the underlying assumptions and questions that help the entrepreneur to examine the attractiveness of a business opportunity: *Are the market and industry attractive?; Does the opportunity offer a compelling benefit for the buyer and sustainable advantage over other solutions to buyer's needs?; Can the team achieve the results they predict and promise to others?*

Market and industry are not the same category and they should be distinguished. Market is a group of current or potential customers who are willing and able to buy a product to meet some of their needs or desires, while industry is a group of providers (sellers) who offer products and services that can be substitutes for each other (Mullins, 2003). The importance of knowing these differences is based on different levels of attractiveness of the two areas, which can be observed at the macro and micro level. Macro-level market analysis involves collecting data on market size from secondary resources, including number of customers, availability of money for spending and annual product sales. In addition to market size, also examined is the possibility of its growth, which is based on forecasts of trends (demographic, socio-cultural, economic, technological and legal frameworks) with the intention to determine whether they represent a positive aspect that will help realize the opportunity, or if entrepreneur will have a hard time countering them.

The micro level refers to the market segment on which data is collected from primary and secondary resources, and is focused on finding answers in the form of existence of a market segment that is willing to pay for the added value of satisfying its needs, which is offered by a particular product, as well as the speed of its growth and the possibility of entering other market segments after conquering the first. The attractiveness of a particular market depends both on the customers, who will not buy products without differentiated benefits, and on the investors, who will not invest unless market growth is visible. In conclusion, without differentiated benefits, majority of customers are not going to buy, and without expected market growth, majority of investors are not going to invest in a new business venture. Attractiveness of an industry at the macro level was best described by Porter with his Five Competitive Forces model (Porter, 1998, Porter, 2008), while observing an industry at the micro level implies a set of factors that ensure possibilities for sustaining growth of the newly established company, such as, for example, intellectual property (patents, recipes), competencies and resources that are difficult to imitate by other companies, etc. Observing an industry at the micro level presumes analysis of prerequisites for creation of company's sustainable competitive advantage. At the centre of the Mullins' model is the team and its characteristics with which a business opportunity is evaluated by examining the correlation of the team and opportunity in relation to team's business mission, personal desires and capacity to take risks, team's knowledge of the key factors of success (along with achieving the breakeven point, profitability and company growth), and team's connectedness in the value creation chain (the way in which team will cope with the dynamic environment in which it

will operate). Any opportunity that is not in accordance with personal preferences of team members is considered unattractive (because it could hardly create team members' passion for the venture, which is one of the key characteristics of successful entrepreneurs and prerequisite for success of any venture).

Timmons (2003) also notes that opportunities can be evaluated using three basic parameters: market demand, market structure and profit potential, with an emphasis that opportunity is better if the market is characterized by a large dose of uncertainty, which is dominated by a high level of risk. Timmons (2003) also explains the broader framework with criterion for evaluating business opportunities which investors use to evaluate potential clients, markets and industries. But, along with investors, it is also applicable to entrepreneurs in order to assess whether their idea is a good opportunity. This framework/model consists of eight criteria for evaluating opportunities: industry and market, financial indicators, "harvest" issue, i.e., increasing the value of the business, competitive advantage, team, fatal flaw of the project, which can lead to project failure, entrepreneur's characteristics in terms of personal and business goals, alignment of work with his or her lifestyle, entrepreneur's attitude towards stress and acceptance of risk, and strategic differentiation, which analyses the degree of alignment of idea, opportunity and resources. The particular value of this model is that in addition to the factors that affect the success of the venture (market, industry, competitive advantage, earnings), it focuses a great deal of attention to the analysis of the entrepreneur and his or her team. Analysis and assessment of entrepreneur and the team can often be neglected, which can lead to a fatal flaw at the very start, because entrepreneur and his or her team are crucial for identifying and evaluating business opportunities, and for the success of business venture. Due to its comprehensiveness and complexity, this model requires a lot of time, because of which it is relatively rarely applied in practice (Tomasevic, 2012).

A business opportunity can also be tested using analysis of viability of the business model according to Kathleen R. Allen (1999), which will offer an answer to a very general question: Is there an acceptable market for the business concept? Business model encompasses product/service, customer, distribution and benefit for the customer, which have to be tested in order to verify the feasibility of the business idea. This analysis has practical value because it helps the entrepreneur to answer three key questions: "Are there enough customers and is the market big enough for the business concept to be acceptable?", "Are investment requirements, based on an assessment of sales and expenses, justified?", and "Can entrepreneur put together a good team that will participate in the realization of the project?". This model advises the entrepreneur to test his idea, that is, business concept through four main factors: product/service, industry, market/customer, finance. The value of the model proposed by K. Allen is in its simplicity because it is understandable to beginner entrepreneurs, as well as in its comprehensiveness because it touches on all the issues that have to be considered when thinking about a business venture. Assessment of a business opportunity does not require a lot of time, because it is based on the most basic, necessary facts that should be known prior to starting a business venture. The model directly indicates the problematic areas, and even if the results of the analysis show that the business concept is not feasible, entrepreneurs should not give up on their idea. On the contrary, results of the analysis should be used as guidelines according to which the business concept will be adapted to market conditions, minimizing weaknesses and maximizing advantages, thus making it feasible.

At the start of the entrepreneurial journey, due to emotional factors such as ecstasy and enthusiasm, entrepreneurs are often "blindly in love" with the idea and cannot realistically examine all the aspects of business (customers, market, expenses, competition), which are of crucial importance for the development of entrepreneurial venture. To answer the question whether his or her idea can become a business opportunity, entrepreneur needs to set aside

time for a proper assessment. However, entrepreneur must take into account that too long evaluating of a business opportunity can lead to the awakening of other market participants, who could quickly take advantage of favourable situation in the market and start a business venture. Experience teaches the entrepreneur and shortens the time needed for opportunity assessment.

3. Case: Entrepreneurial initiative in preschool education (starting a Montessori kindergarten in Osijek)

The aim of description of this idea is to show how a seemingly excellent and interesting business idea does not necessarily have to be a business opportunity, and to show on this example how methods of assessing business ideas can help minimize the risk of starting a business venture.

The case describes the idea of starting a kindergarten based on the Montessori method in the city of Osijek. Actor in this case is a preschool and Montessori¹⁴² kindergarten teacher.

The market of the kindergarten in this case are parents of children aged from 3 to 6 years who want to provide their children a method of upbringing that is different from the traditional one, which is present in all municipal and private kindergartens in Osijek. Entrepreneur considers the application of the Montessori method as her most important competitive advantage compared to other kindergartens, which will transform children into people who are going to deal with the challenges of the world they live in more easily and competently.

The planned investment for starting a kindergarten is 433,298 HRK, part of which would be financed by entrepreneur's savings, while the rest of financing should be secured by getting a bank loan. The said funds are needed for the renovation of the house in which the kindergarten will be situated.

The planned capacity of the kindergarten is 25 children in the first year of operations, and 50 in the second. In order to obtain a more realistic picture of the future business venture, the financial plan has been developed on the principle of minimizing revenue and maximizing costs. Thus, enrolment of 15 children was planned for the first year, and 30 for the second.

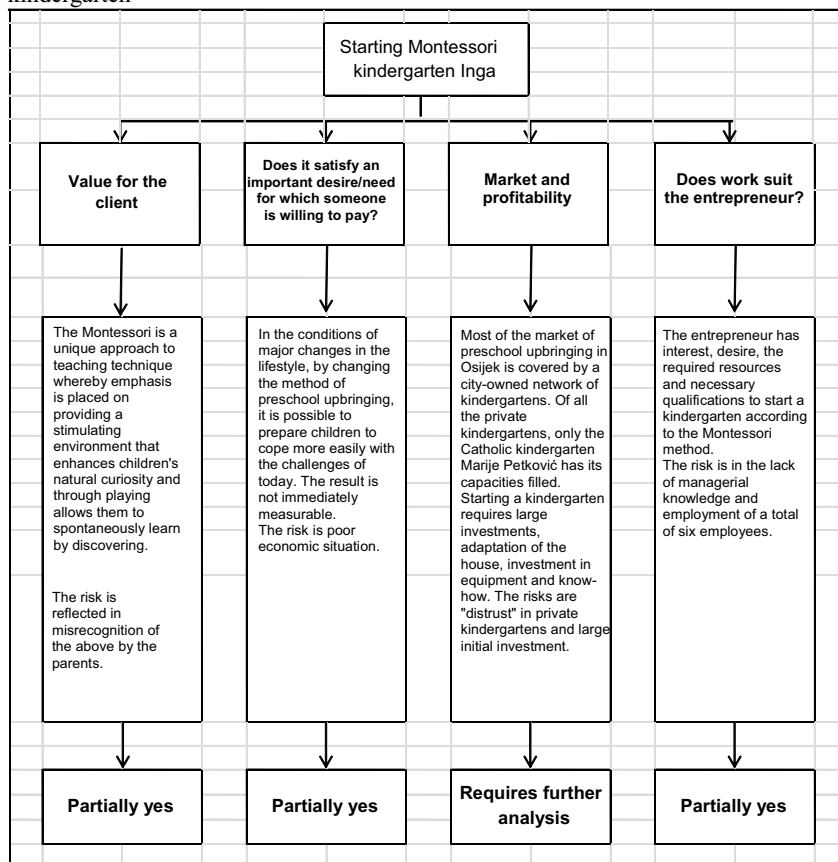
In addition to the basic income, which is comprised of parents' payments and subsidies from the city of Osijek, it is planned that the kindergarten generate other income from organising workshops and other educational activities aimed at the general public, whose aim is not only to increase the kindergarten's revenue, but also to promote a new kindergarten concept. Employment of two educators is foreseen in the first year of operations, one of which is the entrepreneur herself, as well as involvement of external, professional associates who will monitor the progress and development of children, while employment of two additional educators is planned in the second year.

¹⁴² The Montessori is a unique approach to teaching technique whereby emphasis is placed on providing a stimulating environment that enhances children's natural curiosity and through playing allows them to spontaneously learn by discovering. The basic starting point of this method is respecting the individuality of each child, teaching them operational knowledge in areas of life in which they will later participate as adult persons. The principal difference between the Montessori method and traditional preschool education is the absence of direct involvement of educators, and education based on real life situations (for example, there are no toys in the shape that we are used to in kindergartens). Incredibly rapid changes that are taking place in today's world lead us to begin to cultivate the desire to learn in children from the youngest age, which will last a lifetime and help them become self-aware, confident and responsible individuals (Tomasevic, 2012).

3.1. Is the idea of starting a Montessori kindergarten in Osijek a good business opportunity?

After collecting data from primary and secondary sources, and before writing the business plan, it is necessary to try to find an answer to the question whether the idea of starting a Montessori kindergarten in Osijek is also a good business opportunity. For this purpose Timmons' four anchors model (2003) and Mullins' model of seven domains of attractiveness of opportunity will be used. The four anchors model serves as a flash-tool, with which characteristics of an opportunity can be quickly evaluated, that is, provide an answer to the question whether an idea has the potential to be transformed into a profitable venture.

Image 1 Results of the "four anchors" analysis for the idea of starting a Montessori kindergarten



Source: Tomašević V., *Private entrepreneurial initiative in preschool education*, 2012

The analysis of the idea using the Timmons' model has indicated the following:

Timmons' four anchors model shows that this idea has the potential to become a business opportunity, but it needs to be explored in more detail in order to create a more accurate of the idea, team, financial justification and sustainability of starting an entrepreneurial venture.

The key shortcomings, that were indicated by this method of analysis are: poor economic situation and increase in the number of unemployed (less disposable income, taking care of children is entrusted to relatives or the unemployed parent, "black" market), market's unwillingness and ignorance of the new methods of upbringing (significant engagement and time are necessary to familiarize the market with Montessori pedagogy, habit of enrolling children into municipal kindergartens), high cost of starting this business venture and lack of managerial knowledge for running the business (the entrepreneur has so far worked only as a kindergarten teacher), as well as absence of a team, which would compensate for these weaknesses.

For these reasons, the idea of starting a Montessori kindergarten will also be analysed using the Mullins' model of seven domains of attractiveness of opportunity and the financial plan.

Mullins' model of seven domains of attractiveness of business opportunity shows a deeper analysis of market, industry (observing them at macro and micro level) and team, measuring their un/attractiveness in relation to the business opportunity.

Macro level of the market entails getting a broader picture about market size and trends foreseen in it. In 2010, the market of institutions of preschool education in Osijek achieved total revenue of 80 million HRK, while the total number of customers was 5,000 (refers to number of parents whose children attend kindergartens). The possibility of growth of the said market is likely in the future, which is contributed by improved economic situation through increased disposable income, higher employment, increasing awareness about the importance of knowledge (more developed cities than Osijek have Montessori kindergartens – Zagreb, Split, Poreč), legally prescribed preschool upbringing and existence of 5,500 more preschool age children in Osijek, who are not enrolled in preschool institutions (Tomasevic, 2012).

Understanding of the market at micro level entails getting a broader picture about the existence and characteristics of the market segment that the company will serve, specifically, it relates to parents who would enrol their children into a Montessori kindergarten. Since no detailed study was conducted, the assumption is that out of the total number of enrolled children; 2,700 in one year, 2% of children could enrol in a Montessori kindergarten, which would be enough to fill the capacity. Due to limited availability of capacities, further increasing of the market segment would not influence profitability. Also, smooth transition to another market segment is not possible (traditional method of upbringing), because this is a specific method of upbringing, which entails special decoration of the environment, use of equipment, and training for Montessori educators, which requires large financial resources.

Based on the above mentioned, we conclude that, in relation to the business opportunity of starting a Montessori kindergarten, the market is partially attractive.

Looking at the industry at the micro level, we conclude that it is attractive in relation to the business opportunity, which is reflected in the existence of entrepreneur's competencies through many years of work experience in preschool education and possession of Montessori teaching certificate, which allow her to develop different and competitive ways of doing business, intellectual property and resources that are difficult to imitate by other companies in the short-term. Namely, new potential entrepreneurs who wish to open a kindergarten whose concept is based on the Montessori or some other alternative pedagogy, need to go through training, which requires time and resources, which entrepreneur Ivana Sarić already has.

Analysis of the industry at the macro level involves analysing the attractiveness and profitability of a particular branch of industry in which companies offer similar products and services, which is explained by Porter's Five Competitive Forces model. Taking into account that the threat of entry of new competitors into the market is weak, the rivalry among existing kindergartens is strong, bargaining powers of customers and suppliers and influence of substitutes are moderate to strong, and that the entrepreneur possesses competencies, specific method of education, and resources that are difficult to imitate in the short-term, we conclude

that the industry of preschool education in Osijek is partially attractive for entry of new ventures.

The next domain of the Mullins' model for evaluation of business opportunities is the team domain, which is assessed with regard to: alignment of personal preferences of the team with the opportunity (mission, personal desires and capacity to take risks), knowledge of the key factors of success and possession of core competencies, which provide a competitive advantage in the market.

Besides a strong desire and interest to start a kindergarten, the entrepreneur has a network of contacts that could help her. She needs to employ 3 educators and hire 4 expert associates on service contracts, and also attract volunteers, assistants. There is no team at this stage of the entrepreneurial process; it is connected solely to the entrepreneur.

Given that the entrepreneur has worked as a kindergarten educator for many years, she is familiar with the key success factors in that industry. However, it is necessary to point out that most kindergartens in Osijek are owned by the city, and that there are no common market principles, (supply, demand, adjustment of prices in relation to demand, creation of competitive advantage, etc.). The key factors of success in this industry are related to: educators' personality (who with their personal values, verbal and non-verbal communication affect the development of the same in children), respecting the rights of children and parents (right to safety, protection, healthy nutrition, privacy, choice of friends), partnership with parents in the upbringing (various workshops for parents and children organized by the kindergarten), and equipment of kindergarten's internal and external environment.

Analysing these key success factors, derived from experience in traditional upbringing, and the specifics of the Montessori method, we can conclude that future business venture mostly possesses competencies with which it can satisfy these key factors of success, and build its competitive advantage based on those competencies.

Looking at the team and its connectedness to the opportunity, it is indicative that entrepreneur is by herself at the present, and that she is only planning hiring other team members. Success of a business venture is highly dependent on the quality of the team. As the entrepreneur does not have other experiences from which she could have acquired knowledge about team management, the above represents a risk for the business venture, and team's connectedness to opportunity is presented as unattractive.

Mullins' model of seven domains of attractiveness of opportunity has shown that market and industry are partially attractive, and that team's connectedness to opportunity is unattractive, primarily because of non-existence of a team, which, observed together, decreases optimism and expectations that the entrepreneur had at the start, characterising the idea as partly to poorly attractive business opportunity.

Using Timmons' and Mullins' models of valuation of business, this opportunity was assessed as partly to poorly attractive. Other important facts that make this business opportunity partly attractive are: good network of municipal kindergartens (strong and stable competition), tradition of enrolling children into municipal kindergartens, lack of knowledge of the Montessori method, and low-profit activity. All these facts are objective obstacles for this business venture to be projected as successful.

4. Conclusion

Entrepreneurial process encompasses the journey from getting an idea to recognizing an opportunity in which entrepreneur needs to align team and resources in order to be able to start an entrepreneurial venture. The importance of recognizing the business opportunity has crucial impact on the entrepreneurial process, because it is the basis on which the two other driving forces – team and resources, are modified and upgraded.

Theory offers several models for reviewing business opportunities (Timmons, 2003, K. Allen, 1999, Mullins, 2003), which can be a practical tool for entrepreneurs to become thoroughly familiar with all the relevant facts (both positive and negative) that affect their business venture, before writing a business plan. The use of these models in practice is very simple because entrepreneurs themselves can get almost all the answers, investing only their time and effort to gather information.

Use of models for evaluation of business opportunities allows entrepreneurs to "open their eyes" in order to avoid risks of a future venture, but also helps them transform existing ideas into business opportunities by modifying them.

The idea of starting a Montessori kindergarten seemed very realistic and feasible at the start. Entrepreneur owns a property, has savings, she is a Montessori educator, has a passion for the application of Montessori pedagogy, because she believes that Montessori pedagogy is going to broaden the upbringing of children by developing skills that are not specifically taught in traditional kindergartens (patience, self-confidence, independence, etc.).

Timmons' and Mullins' models of valuation of business opportunity have shown that this business opportunity is only partially attractive and that its realization very likely would not result in a successful and sustainable entrepreneurial venture.

Facts obtained through models for evaluation of opportunities significantly affect the future of business ventures. They offer a wider picture of the entrepreneurial process and can be useful, not only for entrepreneurs to understand all the risks they have to deal with, which can sometimes drive them to drop an idea too quickly and miss the opportunity, but also to empower and encourage them to take and modify risks, accept a business opportunity and start a profitable business venture, which in reality is the goal of every entrepreneur.

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