

Entrepreneurship: Successfully Launching New Ventures

Sixth Edition, Global Edition



Chapter 2

Recognizing *Opportunities* and Generating Ideas

What is an Opportunity? (1 of 2)

- An opportunity is a **favorable set of circumstances** that creates a **need for a new product, service, or business**.
- An opportunity is different from an **idea**, which is just a thought, an impression or a notion.
- Opportunities can be
 - **recognized** externally (“window of opportunity”) and grabbed
 - **created** internally starting from a need or a problem to be addressed

What is an Opportunity? (2 of 2)

Figure 2.1 Four Essential Qualities of an Opportunity

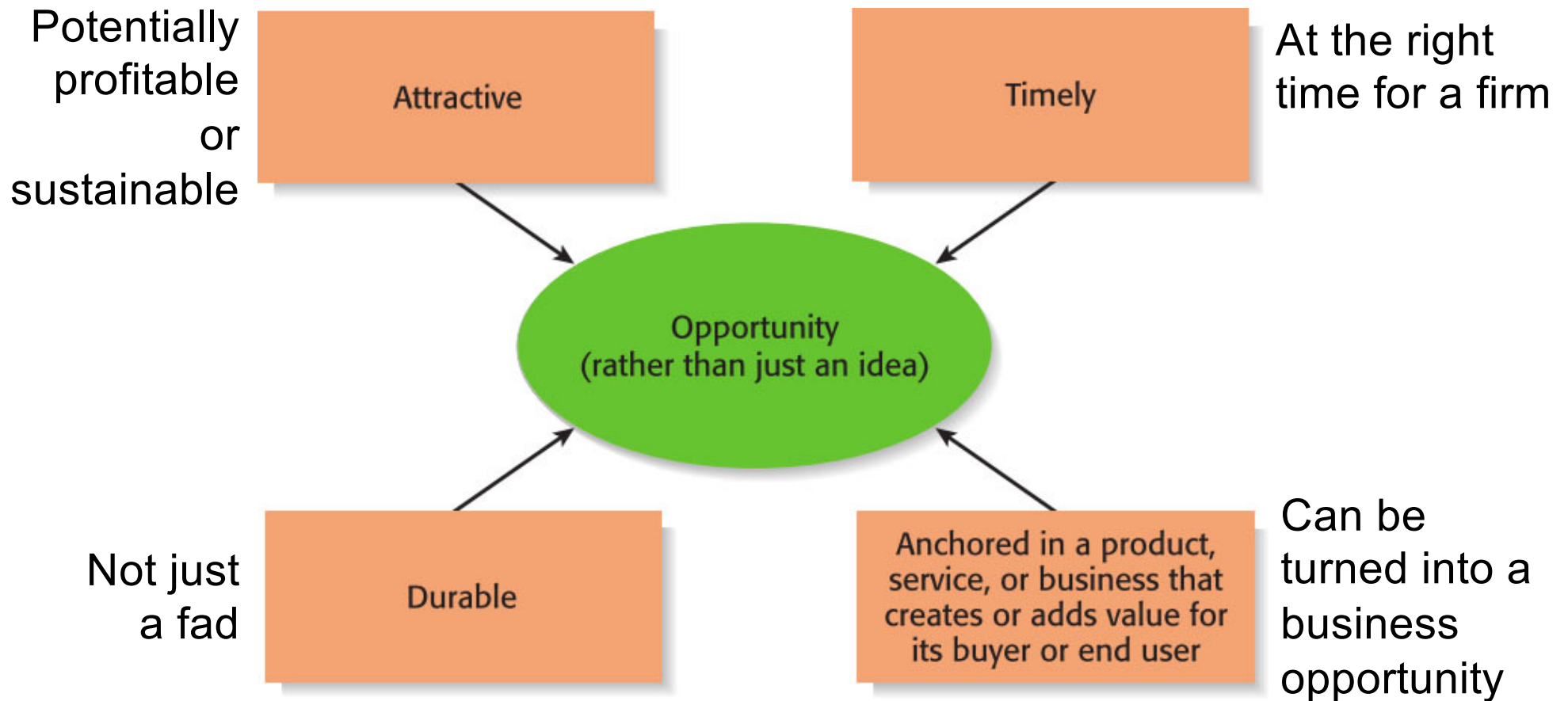


Figure 2.2 Three Ways to Identify an Opportunity

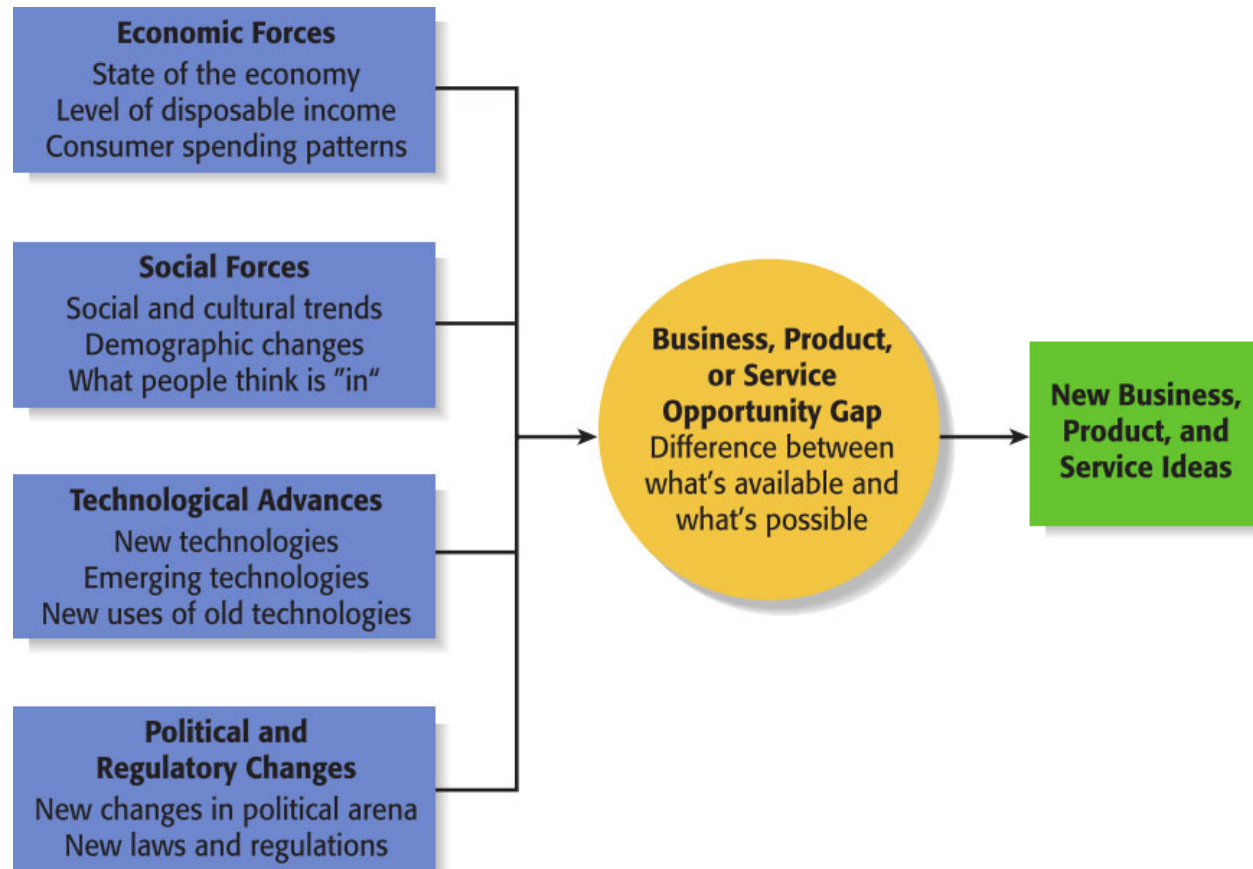
Observing Trends

Solving a Problem

Finding Gaps in the Marketplace

First Approach: Observing Trends

Figure 2.3 Environmental Trends Suggesting Business, Product, or Service Opportunity Gaps



Trend 1: Economic Forces

Economic trends help determine areas that are ripe for new start-ups and areas that start-ups should avoid.

Example of Economic Trend Creating a Favorable Opportunity

- A weak economy favors start-ups that help consumers to save money.

FLIXBUS



A popular business strategy originating from an economic opportunity



Rolls-Royce manufactures engines, and for some years has offered a service package whereby customers pay by the hour according to the amount of time an engine is in flight.

Trend 2: Social Forces

Social trends alter how people and businesses behave and set their priorities. These trends provide opportunities for new businesses to accommodate the changes.

Examples of Social Trends

- Ageing of the population.
- The increasing diversity of the population.
- Millennials entering the workforce.
- Growth in the use of mobile devices.
- An increasing focus on health and wellness.

Ageing population

Can you find any interesting start-ups addressing such theme?

Trend 3: Technological Advances

Advances in technology frequently create business opportunities.

Entire Industries Have Been Created as the Result of Technological Advances

Think at the impact of:

- (Generative) Artificial intelligence
- IoT and Big Data
- Biotechnology

Trend 4: Political Action and Regulatory Changes

Political and regulatory changes also provide the basis for opportunities.

Political change also engenders new business and product opportunities. For example, global political instability and the threat of terrorism have resulted in many firms becoming more security-conscious.

Tools for mapping trends: a trends map



<https://www.wedesignthinking.com/en/>

Brainstorm with trends: innovation



Mobile payments



Smaller smart products



Ubiquitous computing



Technologies accelerate
new innovations



Nanotechnology impacts
most industries



Gaming drives innovation



Webapps and cloud
services



Domotica &
communication between
devices



Simplistic / flat design for
products and interfaces



Technology will get closer
to / inside the human body



Big data

Brainstorm with trends: economy



Social media & reviews
empower consumers



Partnerships are essential
to succeed



Back to basics, eco &
green



Everybody broadcasts.
User-generated content



Co-creation: Organizations
& CONSUMERS collaborate



Industrial economy shifts
towards services



Service and experience get
more important



Relevant information
based on location, time or
big data



Bring your own hardware
2.0



Startups as rolemodels
drive lean and agile

Brainstorm with trends: people



The network economy



The experience economy



Less difference between
men and women



Everything should be quick
and simple



Immaterial things more
important



Privacy concerns



We want to know what we
eat or buy



Everybody is always online



Fear of extremism

Brainstorm with trends: regulations



Privacy laws become more strict



Governments obtain more rights to monitor online



Governments embrace big data



Focus on tech industry and ICT



Organizational reform in fast changing world



Influence of emerging economies and conflicts



The power of the tech and ICT industry



Focus on prevention instead of reaction



Social security under pressure

Exercise (work in groups)

Randomly pick a card from each of the 4 groups.

Identify a potential opportunity connecting 2 out of the 4

Second Approach: Solving a Problem

- Solving a Problem
 - Sometimes identifying opportunities simply involves **noticing a problem** and finding a way to solve it.
 - These problems can be pinpointed through **observing people**, and through more simple means, such as **intuition**, serendipity, or **chance**.
 - Many companies have been started by people who have experienced a problem in their own lives, and then realized that the solution to the problem represented a business opportunity.

Experiment (work in group)

1. Observe people around you in different life situations
2. Try to identify at least 1 practical problem they experience in their everyday life
3. After identifying the problem, think to a possible solution (a good or a service)
4. Present the results of your experiment during **the next lesson** through a short presentation

Third Approach: Finding (market) Gaps in the Marketplace

- Gaps in the Marketplace
 - A third approach to identifying opportunities is to find a **gap** in the marketplace (**an existing product that could be further differentiated**).
 - A gap in the marketplace is often created when a product or service is needed by a specific group of people (market niche and “focus on differentiation” strategy) but doesn’t represent a large enough market to be of interest to mainstream retailers or manufacturers.



HOME

SHOP ▾

ABOUT ▾

ARTISTS

CONTACT



DAISY ROCK DRG PINK SPARKLE

Get Yours Today!

SHOP NOW →

allisonicote
photography

Tish Cirovolo realized there were no guitars on the market made specifically for females. To fill this gap, she started Daisy Rock Guitars, a company that makes guitars just for women and girls. Daisy Rock guitars are stylish, come in feminine colors, and incorporate design features that accommodate a woman's smaller hand and build.

Creativity

- Creativity
 - Creativity is the process of generating a novel or useful idea.
 - Opportunity recognition may be, at least in part, a creative process.
 - For an individual, the creative process can be broken down into five stages

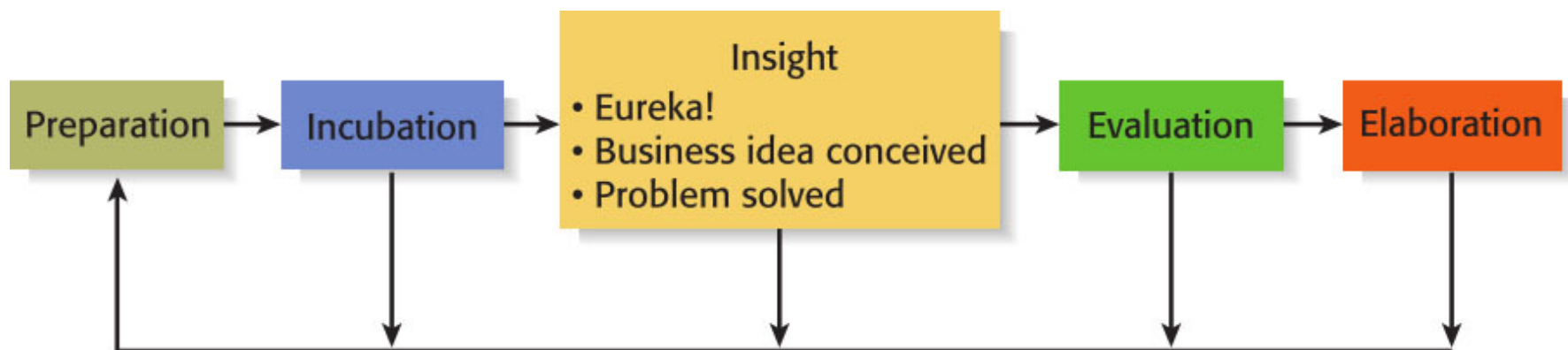


Figure 2.4 Five Steps to Generating Creative Ideas

The five steps of idea generation

- **Preparation** consists in the background, knowledge experience in possess of a wannabe entrepreneur and that makes easier to identify, grab or to create an opportunity. It is the phase where entrepreneurs accumulate the so called “absorptive capacity”.
- **Incubation** is the phase when an idea or a problem is identified and starts to be, consciously or not, elaborated
- **Insight** is the phase when a potential solution to the problem is identified or the potential of an opportunity is identified
- **Evaluation** is the phase when the idea is scrutinized and analysed for its (technological and market) viability
- **Elaboration** is the phase during which the idea is put into a final form and becomes business case, a concept or something else equally concrete

In the real world, the entire process of idea generation can move forward or back, interrupt, skip some steps, etc.

Techniques for Generating Ideas

- Brainstorming
- Focus Groups
- Library and Internet Research
- Other techniques

Brainstorming

- Brainstorming
 - Is the process of generating several ideas about a specific topic.
 - A brainstorming “session” typically involves a group of people and should be targeted to a specific topic.
 - Rules for a brainstorming session:
 - No criticism.
 - Freewheeling is encouraged.
 - The session should move quickly.
 - Leap-frogging is encouraged.

Tools for brainstorming: mind maps

How to Mind Map®



Quick Start Guide

7 Steps to Better Thinking

1. Set your purpose/goal.
2. Start in the CENTRE of blank paper turned sideways.
3. Quickly sketch an IMAGE of your focus in the centre.
4. Use at least 3 COLOURS, for emphasis, structure, texture, creativity.
5. Draw curval lines, radiating from centre (thick to thin) CONNECTING main branches to central image & at each level.
6. Use 1 key word or image per line for more power and flexibility in thinking.
7. Use images throughout as a picture paints a 1,000 words.

Let's mindmap

PROBLEM TO SOLVE
Inspire university
students to be more
entrepreneurial

Focus Groups

- Focus Group
 - Focus groups involve a **group of people** who are **familiar with a topic, a product or a problem**, and that are brought together to respond to questions, and who are able to shed light on an issue through the give-and-take nature of group discussions.
 - They involve a trained moderator. In marketing and innovation management, they frequently involve **everyday users or lead users**
 - They work best as a follow-up to brainstorming, when the general idea for a business has been formulated but further refinement of the idea is needed and/or for incremental innovations (new versions of existing products)

Library and Internet Research

- Library Research
 - Librarians can help to identify and narrow down the most useful information sources (such as industry-specific magazines, trade journals, industry reports) in a specific field.
 - Harvard Business Review
 - MIT Sloan Management Review
 - MIT Technology Review
 - Also browsing through several issues of a trade journal or an industry report on a topic can spark new ideas but it is time consuming. Smarter firms have search routines that apply systematically

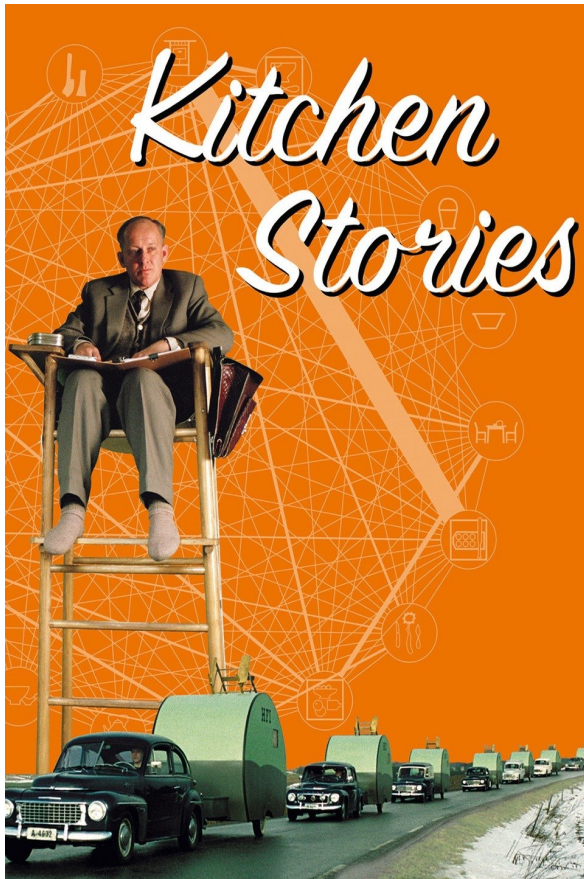
Library and Internet Research

- Internet Research
 - Online newspapers and **magazines** often publish articles about the “hottest” and “latest” new business ideas. Keeping an eye is mandatory
 - If you have a specific topic in mind, setting up a system of mail alerts will provide you with links to a constant stream of newspaper articles, blog posts, and news releases about the topic.
 - Targeted searches are also useful.

Other Techniques

- Customer Advisory Boards
 - Some companies set up customer advisory boards that meet regularly to discuss needs, wants, and problems that may lead to new ideas.
- Day-In-The-Life Research (ethnographies)
 - A type of anthropological research, where the employees of a company spend a day (or even more than one) with a customer.

About ethnographies



The «Adidas» method