Entrepreneurship Defined by Carsud & Brannback

- The process by which individuals – either on their own or inside organizations, pursue opportunities without regard to the resources they currently control.

- E-ship is an attitude towards life as much as it is about starting and running a firm.
Being Entrepreneurial

- Any intelligent person with an achievement and goal orientation is capable of being entrepreneurial.

- It does not require the actual creation of a firm; rather entrepreneurial can mean “getting things done” – intrapreneurship
Entrepreneurship as a Process

- Idea Generation and Evaluation
- Opportunity Recognition
- Planning
- Launch
- Growth
- Harvest
The Entrepreneurial Personality

- It all starts with passion
- Strong motivation for personal achievement
- Capable of recognizing an opportunity: see things others do not or events that impact opportunity recognition
Idea Generation

- One way is to consider what motivates people as a source of opportunities:
  - Needs – you are addressing
  - Wants – you are fulfilling
  - Fears – you are relieving
Sources of New Venture Ideas

- Family & Friends
- Prior Experience
- Reading and following current events, trends, etc.
- Observations – local and travel
- Being an astute customer
- Things that bug you
- Things that interest you
- Evaluate existing mousetraps and build a better one
- Serendipity

[Link to Idea Generation Video]
Crazy Idea
Just Might Work
The Opportunity Recognition section that follows is from:

**Entrepreneurship, Successfully Launching New Ventures**
Barringer & Ireland
Prentice Hall
2008
What is An Opportunity?

(1 of 2)

- **Opportunity Defined**
  - An opportunity is a favorable set of circumstances that creates the need for a new product, service, or business idea.
  - Most entrepreneurial firms are started in one of two ways:
    - Some firms are internally stimulated. An entrepreneur decides to start a firm, searches for and recognizes an opportunity, then starts a business.
    - Other firms are externally stimulated. An entrepreneur recognizes a problem or an opportunity gap and creates a business to fill it.
An opportunity has four essential qualities:

- Attractive
- Timely
- Durable
- Anchored in a product, service, or business that creates or adds value for its buyer or end user
Window of Opportunity

- The term “window of opportunity” is a metaphor describing the time period in which a firm can realistically enter a new market.
  - Once the market for a new product is established, its window of opportunity opens, and new entrants flow in.
  - At some point, the market matures, and the window of opportunity (for new entrants) closes.
Three Ways to Identify An Opportunity

- Observing Trends
- Solving a Problem
- Finding Gaps in the Marketplace
First Approach: Observing Trends
(1 of 2)

- Observing Trends
  - The first approach to identifying opportunities is to observe trends and study how they create opportunities for entrepreneurs to pursue.
  - There are two ways that entrepreneurs can get a handle on changing environmental trends:
    - They can carefully study and observe them.
    - They can purchase customized forecasts and market analyses from independent research firms.
First Approach: Observing Trends

Environmental Trends Suggesting Business or Product Opportunity Gaps
Trend 1: Economic Forces

- Economic Forces
  - Economic forces affect consumers’ level of disposable income.
  - When studying how economic forces affect opportunities, it is important to evaluate who has money to spend and who is trying to cut costs.

  - An increase in the number of women in the workforce and their related increase in disposable income is largely responsible for the number of boutique clothing stores targeting professional women that have opened in the past several years.

  - Many large firms are trying to cut costs. Entrepreneurs have taken advantage of this trend by starting firms that help other firms control costs.
Social Forces

- Changes in social trends provide openings for new businesses on an ongoing basis.
- The continual proliferation of fast-food restaurants, for example, isn’t happening because people love fast food. It is happening because people are busy, and have disposable income.
- Similarly, the Sony Walkman was developed not because consumers wanted smaller radios but because people wanted to listen to music while on the go.
Trend 2: Social Forces

Examples of Social Forces That Allow For New Business Opportunities

- Family and work patterns.
- The aging of the population.
- The increasing diversity in the workplace.
- The globalization of industry.
- The increasing focus on health care and fitness.
- The proliferation of computers and the Internet.
- The increase in the number of cell phone users.
- New forms of entertainment.
Technological Advances

- Given the rapid pace of technological change, it is vital that entrepreneurs keep on top of how new technologies affect current and future business opportunities.

- Entire industries have emerged as the result of technological advances.
  
  - Examples include the computer industry, the Internet, biotechnology, and digital photography.

- Once a new technology is created, new businesses form to take the technology to a higher level.
  
  - For example, RealNetworks was started to add audio capability to the Internet.
Trend 4: Political and Regulatory Changes

- Political and regulatory changes provide the basis for new business opportunities.
  - For example, laws that protect the environment have created opportunities for entrepreneurs to start firms that help other firms comply with environmental laws and regulations.
  - Similarly, many entrepreneurial firms have been started to help companies comply with the Sarbanes-Oxley Act of 2002. The act requires certain companies to keep all their records, including e-mail messages and electronic documents, for at least five years.
Second Approach: 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 trends and through more simple means, such as intuition, serendipity, or chance.

Some business ideas are clearly initiated to solve a problem.

For example, Symantec Corp. created Norton antivirus software to guard computers against viruses.
Third Approach: Finding Gaps in the Marketplace

- Gaps in the Marketplace
  - A third approach to identifying opportunities is to find a gap in the marketplace.
  - A gap in the marketplace is often created when a product or service is needed by a specific group of people but doesn’t represent a large enough market to be of interest to mainstream retailers or manufacturers.
    - This is the reason that small clothing boutiques and specialty shops exist.
    - The small boutiques, which often sell designer clothes or clothing for hard-to-fit people, are willing to carry merchandise that doesn’t sell in large enough quantities for Wal-Mart, GAP, or JC Penney to carry.
Personal Characteristics of the Entrepreneur

Characteristics that tend to make some people better at recognizing opportunities than others

- Prior Experience
- Social Networks
- Cognitive Factors
- Creativity
Full View of the Opportunity Recognition Process

Depicts the connection between an awareness of emerging trends and the personal characteristics of the entrepreneur.
Idea Generation Tools

- Pre-Idea Tree (LaunchNET KSU)
- Your Idea Napkin (The Innographer)
- Sketch Pad (The Innographer)
Idea Generation - Opportunity Recognition Exercise
A business concept is a concise description of an opportunity that contains four essential elements:

1. The customer definition
2. The value proposition and compelling story
3. The product/service
4. The distribution channel
Preparing the Feasibility Analysis / Quick Test

- Is there a customer and a market of sufficient size to make the concept viable?
- Do the capital requirements to start, based on estimates of sales and expenses, make sense?
- Can an appropriate start-up or founding team be assembled to effectively execute the concept?
Business Concept Guidelines

- **What is your product or service being offered?** Be specific, give a detailed description. Give your product or business a name.

- **What are the features and benefits of the product or service?** What value are the customers receiving from your product or service?
Business Concept Guidelines

- **How is the product or service differentiated from others on the market?** Why is it different and what makes it special?

- **What is the value proposition?** What problem or need does your product/service fulfill?
Business Concept Guidelines

- Who is the customer?  Who is your perfect customer? Will you be selling to an intermediary or to the end user? How will you find them? What is the demand for your product or service? Are there enough of them to support your sales projections?
How will you get your product or service to your customer? Describe the product or service value chain (distribution system). What marketing tactics will you use? What are you going to charge for it? How much will it cost to produce your product or service? Do you know what the competition charges? How will the entry of your product into the market effect the price?
Business Model Canvas

- Visual tool/template for developing new business models.

- It allows you to describe, design, challenge, invent, and pivot your business model.

- Nine key areas to describe, validate and pivot
How Do The Pieces All Fit Together?

- Idea Generation - now
- Cover key elements of the Business Model Canvas throughout the week
  - Customer ID and Marketing
  - Networking and Entrepreneurial Resources
  - Leadership/Building Your Team
  - Funding Your Business
  - More

- Competition on Friday morning (well thought out and presented business concept)
Competition on August 5, 2016

- **Elements of the Presentation**
  - Concept
  - Product/Service
  - Industry and Market/Customer
  - Founding Team
  - Financial Needs Assessment

- **Secondary areas of consideration:**
  - Conveyed knowledge of the process
  - Projection for success
  - Quality of presentation (accuracy, clarity, organized, cohesive)
  - Q&A (relevant responses, preparedness, knowledge)
Questions?

Opportunity Recognition & Analysis

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