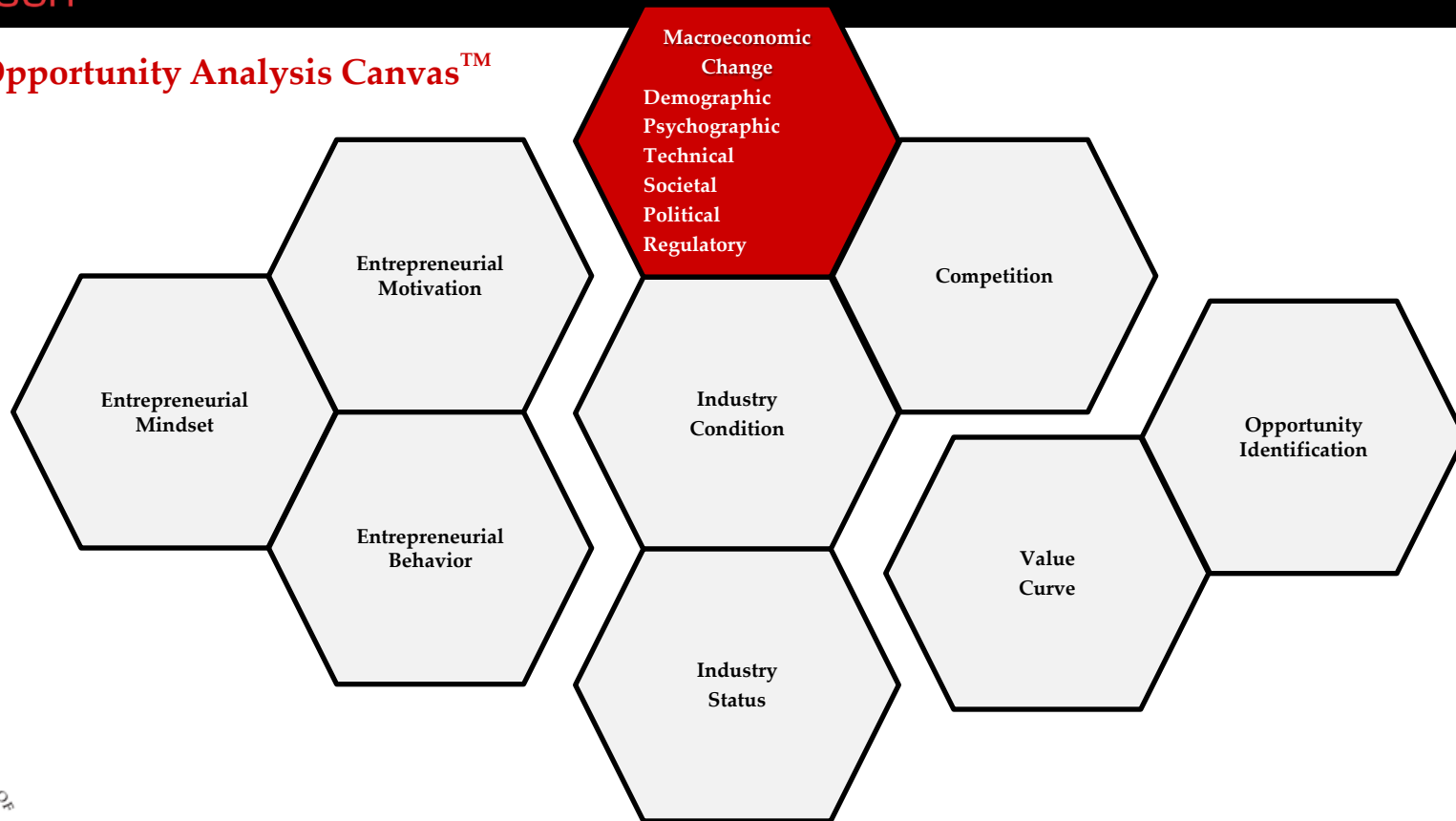


Macro changes that increase new venture opportunities

The Opportunity Analysis Canvas™



Objectives

- Examine the relationship between change and the creation of opportunity
- Recognize that a first step in identifying a valuable opportunity is identifying the *change or gap* that makes the opportunity possible

Types of changes that increase new venture opportunities

- Changes in technology
- Changes in social and demographic factors
- Changes in political and regulatory rules

1. Technological Change

- One of the most important triggers of change, because new technology allows for the expansion of new innovations
 - Portable cassette players
 - ...leads to portable compact discs players
 - ...leads to the development of portable MP3 players
 - ...leads to the capability to play songs on cell phones

Significant technological change can create entirely new markets

- The larger the technological change, the greater the opportunity for new businesses to be created
 - Larger magnitude changes affect more uses for technology, allowing the use of new technology in more things
- Tremendous opportunity in general-purpose technologies => more products & more customers
 - The laser originally used in medical devices is now common in checkout counters and printers.

Commercialization potential is a key influencer for profitability

- Commercial viability of change
 - Some new technologies have a large magnitude effect, but do not directly result in much commercial benefit
- Effect of the technological change on industry dynamics
 - Alters how firms compete with one another
 - Capital intensive firm vs. low capital firm

2. Social & Demographic Change

- Opens up opportunities for new technology businesses by altering people's preferences and creating demand for things where demand had not existed before.
- Social trend
 - Production of deodorant was a result of public ideal that body odor was offensive.

Demographic trends and perceptions

- Examples in U.S.: Aging population, increasing ethnic diversity, unhealthier society, etc.
- Each trend offers new opportunities for products and services to serve these customers
- Sample solutions: Assisted living centers, Spanish language radio, organic food stores

4. Political & Regulatory Change

- Type of change creates opportunities because it is productivity enhancing.
 - Deregulation of the Bell telephone system, led to the creation of Nextel, T-Mobile, and Alltel.
- In other cases, changes generated are not productive, but merely shifts value from one set of economic factors to another.
 - The subway increases the rate of its fares to cover for the loss of patrons riding the bus service.

Summary

- Direct relationships exist between change and the creation of entrepreneurial opportunities
- Identifying the *change or gap* that makes the opportunity possible is a first step to acting on the opportunity