



Week 2

Recognizing Opportunities and Generating Ideas

MG4001

Instructor: Dr. Saif Maqbool

Reading Book Chapter: 02

Book Name: Entrepreneurship by Bruce R. Barringer & R. Duane Ireland



Learning Objectives – Chapter 2

1. Explain why it's important to start a new firm when its “window of opportunity” is open.
2. Explain the difference between an opportunity and an idea.
3. Describe the three general approaches entrepreneurs use to identify opportunities.
4. Identify the four environmental trends that are most instrumental in creating business opportunities.
5. List the personal characteristics that make some people better at recognizing business opportunities than others.
6. Identify the five steps in the creative process.
7. Describe the purpose of brainstorming and its use as an idea generator.
8. Describe how to use library and Internet research to generate new business ideas.
9. Explain the purpose of maintaining an idea bank.
10. Describe three steps for protecting ideas from being lost or stolen.



The Entrepreneurial Process

The Entrepreneurial Process Consists of Four Steps

Step 1: Deciding to become an entrepreneur.

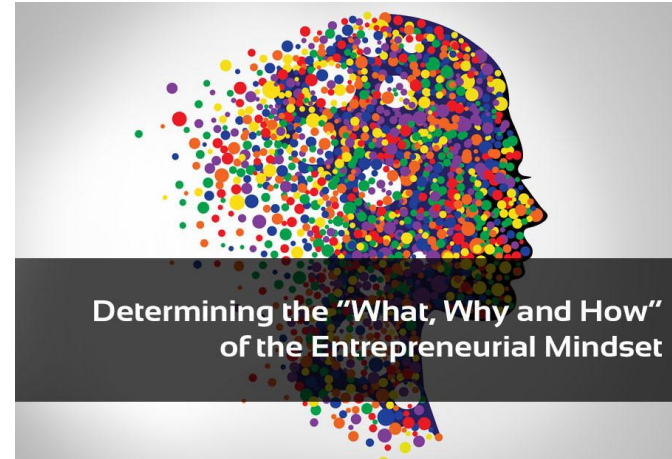
Step 2: Developing successful business ideas.

Step 3: Moving from an idea to an entrepreneurial firm.

Step 4: Managing and growing the entrepreneurial firm

Entrepreneurial Preparedness

- We must prepare our minds to recognize and create new ideas and then shape them into opportunities
- Successful entrepreneurs have the same kind of “prepared mind”



Idea Generation and Opportunity Recognition - From Student to Entrepreneur



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*Believe in
Yourself.*



BUSINESS IDEA VS. BUSINESS OPPORTUNITY

IDEA

A **business idea** refers to a concept for a new product or service that has the potential to generate revenue and create value for your customers.



OPPORTUNITY

A **business opportunity** refers to a favorable set of circumstances or conditions that exist in the market or industry, which can be leveraged to create value and generate a profit.



BUSINESS IDEA VS. BUSINESS OPPORTUNITY



Idea

Its essence:

- A business idea is a **concept** for a new product or service

Where it comes from:

- A business idea originates from our **imagination**.

Assessing its potential:

- A business idea is good if it is technically feasible, commercially viable, and there is a market opportunity.

Opportunity

Its essence:

- A business opportunity is a **situation or market gap** that can be exploited for potential profit.

Where it comes from:

- A business opportunity comes from observations of a **gap in the market**.

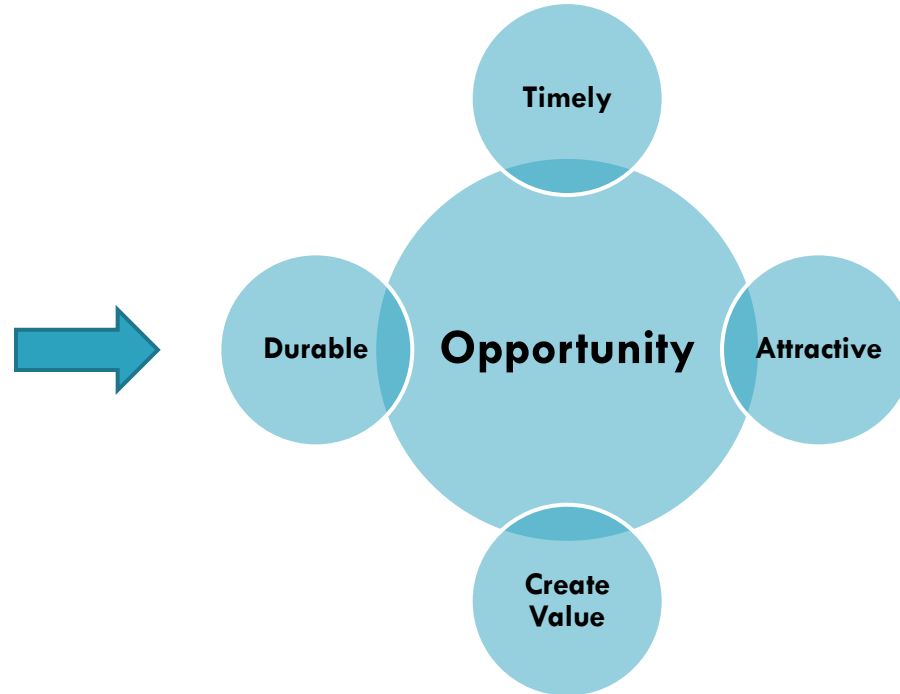
Assessing its potential:

- A business opportunity is good if there's growing demand, not too much competition, and it has the potential to be exploited effectively by the company.



An opportunity has four essential qualities

- 4 essential qualities of opportunity



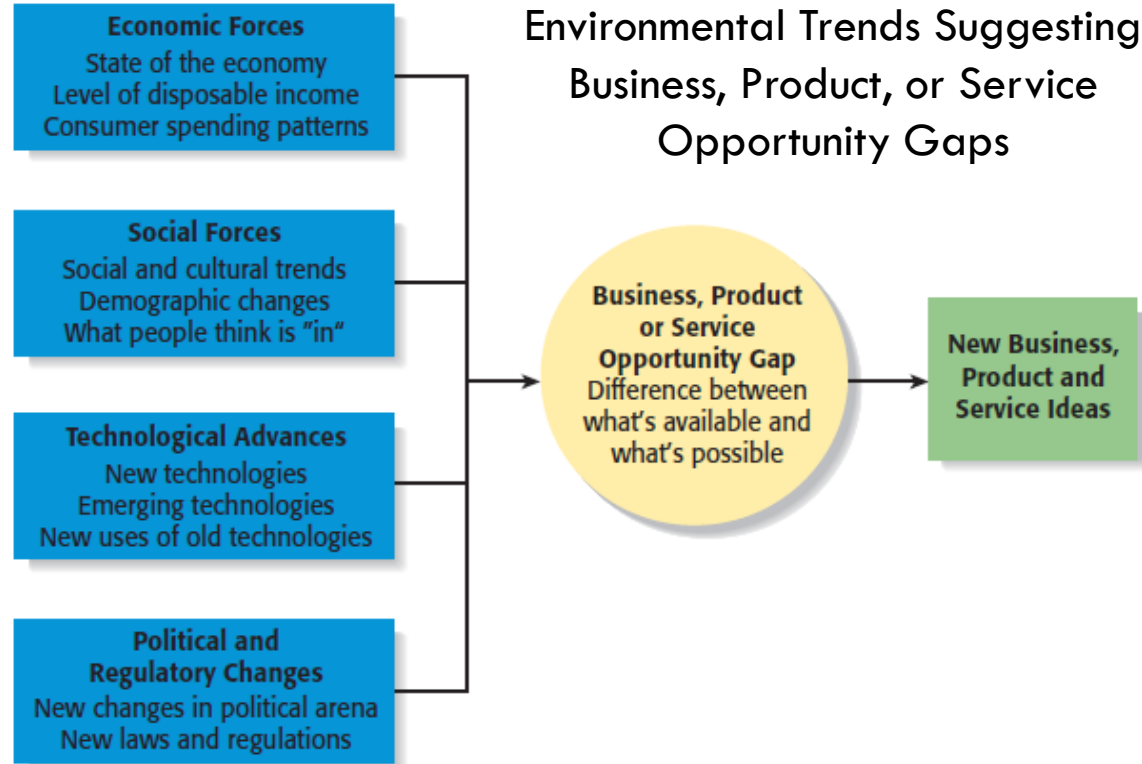
Three Ways to Identify an Opportunity

Observing Trends

Solving a Problem

Finding Gaps in the
Marketplace

First Approach: Observing Trends



Technological Advances

Given the rapid pace of technological change, entrepreneurs need to remain on top of how new technologies affect current and future opportunities.

Advances in technology frequently fit together with economic and social changes to create opportunities.

Example: creation of cell phone is a technological achievement but was motivated by an increasingly mobile population.

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 change.
- 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.
- e.g. JavaJacket, wind farms

5 Entrepreneurs Who Have Turned Problems to Profits in the Last 10 Years



Third Approach: 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
- ❑ In 2000 Tish Cirovolv realized there were no guitars on the market made specifically for women. To fill this gap, she started Daisy Rock Guitars, a company that makes guitars just for women.

How Entrepreneurs Can Better
Identify Market Gaps



Personal Characteristics of the Entrepreneur

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

Prior Experience

Cognitive Factors

Social Networks

Creativity

Personal Characteristics of the Entrepreneur

□ Prior Industry Experience

- Studies have shown that prior experience in an industry helps an entrepreneur recognize business opportunities.
 - By working in an industry, an individual may spot a market niche that is underserved.
 - It is also possible that by working in an industry, an individual builds a network of social contacts who provide insights that lead to recognizing new opportunities.
- It is also important to note that anecdotal evidence suggests that people outside an industry can sometimes enter it with a new set of eyes, and as a result innovate in ways that people with prior experience might find difficult.
 - For example, Elon Musk, the founder of Tesla, had no prior experience in the auto industry.

Personal Characteristics of the Entrepreneur

□ Cognitive Factors

- ▣ Studies have shown that opportunity recognition may be an innate skill or cognitive process.
- ▣ Some people believe that entrepreneurs have a “sixth sense” that allows them to see opportunities that others miss.
- ▣ This “sixth sense” is called entrepreneurial alertness, which is formally defined as the ability to notice things without engaging in deliberate search.

Personal Characteristics of the Entrepreneur

□ Social Networks

- The extent and depth of an individual's social network affects opportunity recognition.
- People who build a substantial network of social and professional contacts will be exposed to more opportunities and ideas than people with sparse networks.
- Research results suggest that between 40% and 50% of people who start a business got their idea via a social contact.

Strong-Tie Relationships

These relationships, which typically form between like-minded individuals, tend to reinforce insights and ideas that people already have.

Weak-Tie Relationships

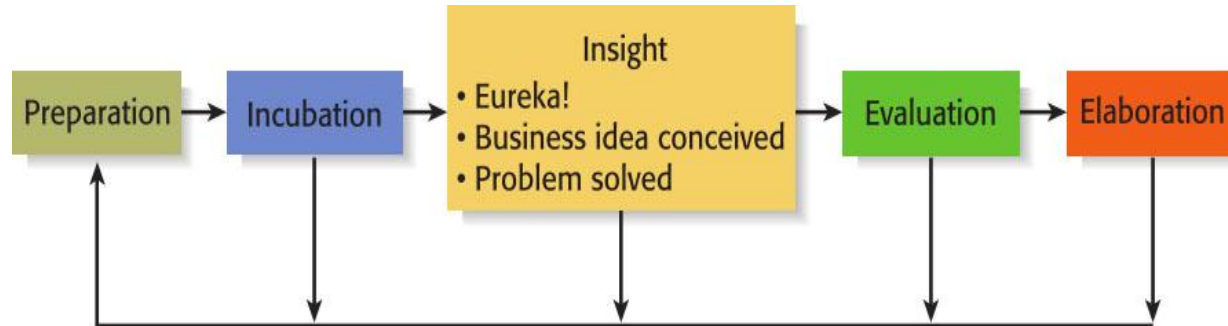
These relationships, which form between casual acquaintances, are not as apt to be between like-minded individuals, so one person may say something to another that sparks a completely new idea.

Why weak-tie relationships lead to more new business ideas than strong-tie relationships?

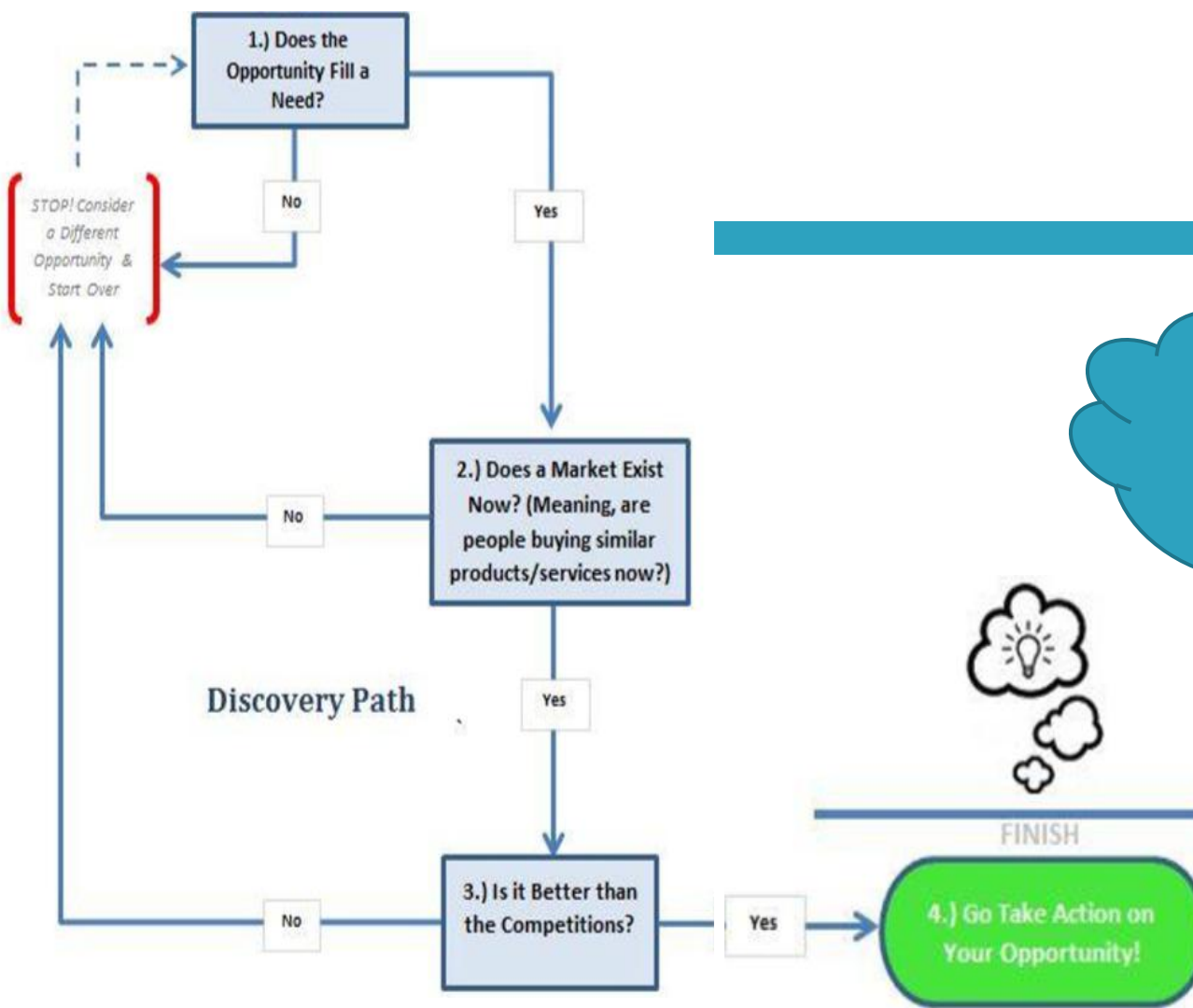
Personal Characteristics of the Entrepreneur

□ 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, as shown on the next slide.



The higher the novelty of the idea, the greater uncertainty the entrepreneur might have to address in shaping the opportunity, which, in turn, influences the level of risk.

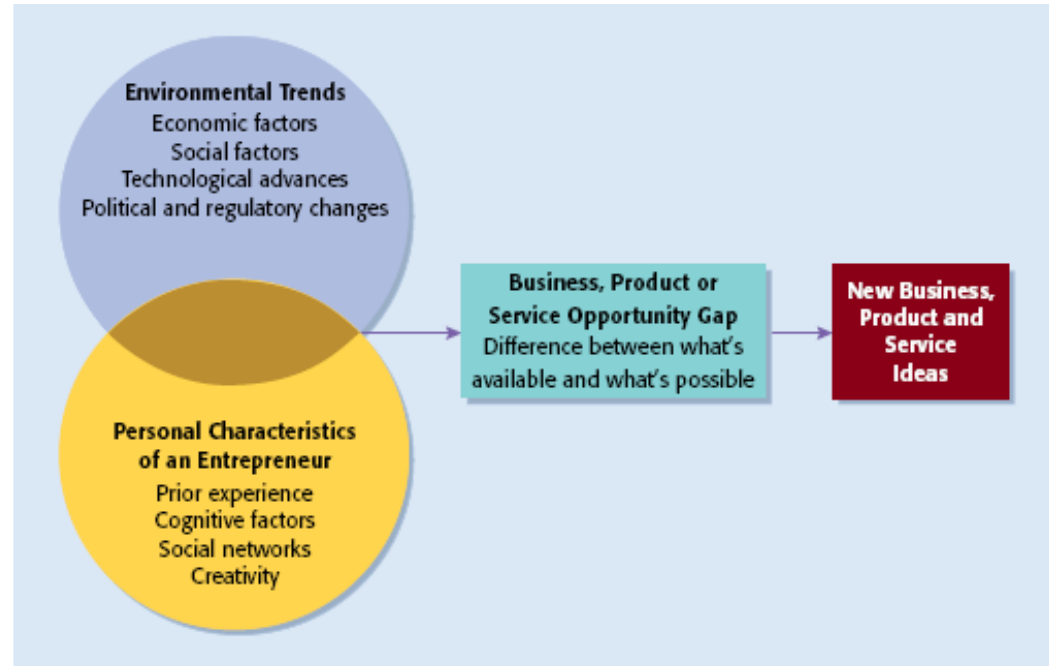


Full View of the Opportunity Recognition Process



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Depicts the connection between an awareness of emerging trends and the personal characteristics of the entrepreneur



Techniques For Generating Ideas

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Brainstorming



Focus Group



Library and
internet Research

Other Techniques

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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

A type of anthropological research, where the employees of a company spend a day with a customer.

Generating Creative Ideas (Techniques and Strategies)



- ▶ Brainstorm and brainwriting
- ▶ Avoid pattern thinking
- ▶ Avoid judicial judgement
- ▶ Habit thinking
- ▶ New ways of looking at things
- ▶ problem awareness

Core Strategies

- ▶ **Doing what you love**
- ▶ **Tapping into your vast experience**
- ▶ **Recycle a business idea from another community**

Generating Creative Ideas (Techniques and Strategies)



- The **SCAMPER** technique is a checklist that will assist in thinking of changes that can be made to an existing product to create a new one.

- '**SCAMPER**' stands for the following seven kinds of potential product changes:
 - S** – **Substitute** – components, materials, people;
 - C** – **Combine** – mix, combine with other assemblies or services, integrate;
 - A** – **Adapt** – alter, change function, use part of another element;
 - M** – **Modify** – increase or reduce in scale, change shape, modify attributes;
 - P** – **Put to another use**;
 - E** – **Eliminate** – remove elements, simplify, reduce to core functionality;
 - R** – **Reverse** – turn inside out or upside down.

The SCAMPER model

Seven perspectives to provoke creative solutions to challenging problems.

S

Substitute

Replace a part, material, or process with something else.

C

Combine

Join elements, ideas, or functions together in new ways – or find a new element you can merge with.

A

Adapt

Modify something to better suit a new purpose, person or context.

M

Modify

Enlarge, reduce, change the shape, or alter attributes. Can a small change have a big effect?

P

Put to another use

Rather than changing the thing itself, consider changing the context it exists in.

E

Eliminate

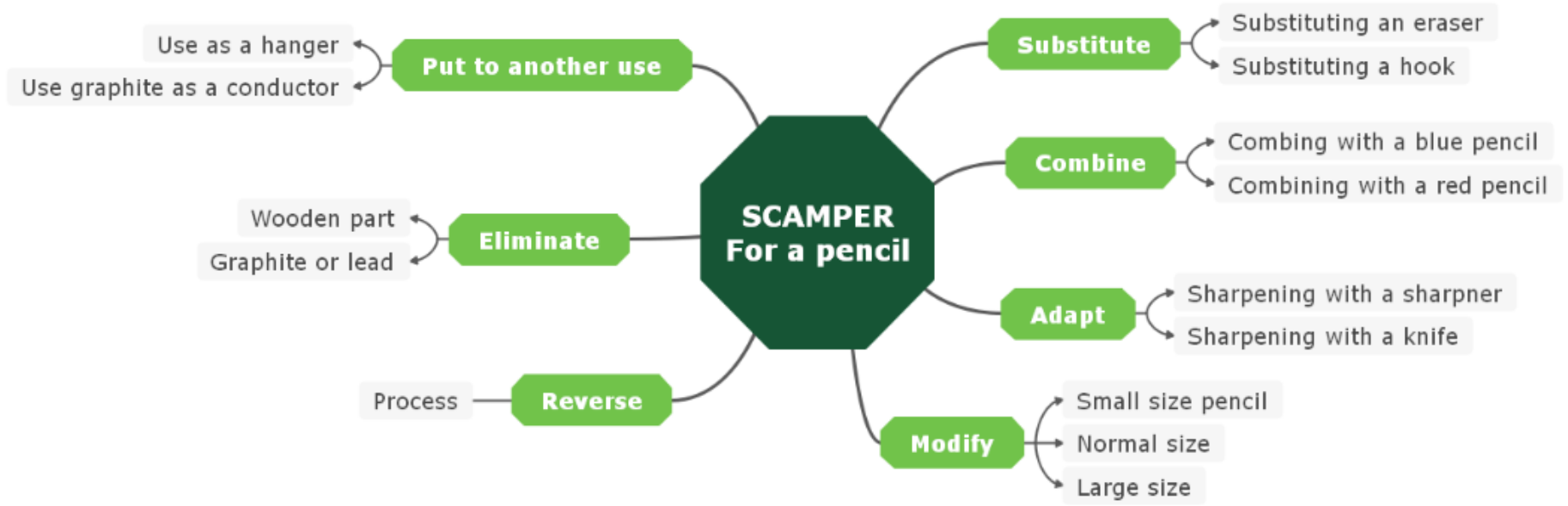
Remove elements, simplify, or pare down to essentials.

Is less more?

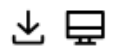
R

Reverse

Flip the script, re-order your priorities, invert cause and effect, and turn it all upside-down.



SCAMPER Template



Challenge	Substitute	Combine	Adapt	Modify	Put to Another Use	Eliminate	Reverse
Invent a better kind of iPhone case	Use eco-friendly materials like bamboo or recycled plastics.	Integrate a wallet or stand feature into the case.	Adapt shock-absorbent materials used in aerospace for better protection.	Modify the case to include a solar panel for charging.	Use the case as a fitness accessory with a built-in pedometer.	Remove unnecessary packaging for a minimalistic, eco-friendly approach.	Design the case to enhance the phone's aesthetics, making it a fashion statement.
Customer queries are taking too long to answer	Replace email responses with a chatbot for common queries.	Combine AI with human oversight for faster, more accurate responses.	Use strategies from fast-food chains to streamline query processing.	Modify the query process with prioritisation algorithms for efficiency.	Use resolved queries as a knowledge base for customer self-service.	Eliminate redundant steps in the query resolution process.	Reverse the process: let customers rate answers and guide the service improvements.
Our tech department has high turnover	Substitute traditional hiring methods with skill-based hiring challenges.	Combine flexible working options with career development programs.	Adapt retention strategies from industries known for loyalty, like hospitality.	Modify job roles to include more cross-training and skill development.	Use exit interviews to create a mentorship program for remaining staff.	Cut down on bureaucratic procedures that may frustrate tech employees.	Reverse the turnover trend by focusing on internal promotions and recognitions.
Alternative to traditional project management software	Use a decentralized, blockchain-based system for project collaboration.	Merge the best features of communication tools with task management software.	Adapt the Kanban method for use in a more visual, intuitive software interface.	Modify the interface to be more user-friendly for non-technical teams.	Repurpose social media platforms for collaborative project management.	Eliminate complex features that are rarely used by most teams.	Switch from a software to a physical board that digital nomads can carry.



Protecting Ideas From Being Lost or Stolen

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❑ Step 1

- ❑ The idea should be put in a tangible form such as step but a physical idea logbook or saved on a computer disk, and the date the idea was first thought of should be entered.

❑ Step 2

- ❑ The idea should be secured. This may seem like an obvious step but is often overlooked.

❑ Step 3

- ❑ Avoid making a careless or voluntary disclosure of an idea, in a manner that losses the right to claim exclusive rights to it.

Reading Material to Understand SCAMPER

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- ❑ <https://www.interaction-design.org/literature/article/learn-how-to-use-the-best-ideation-methods-scamper?srsId=AfmBOoqEh3xkYCzAOMbdsqGvCXXDvn6OUoLuXcHxAS1apugPoyzzlM18>
- ❑ <https://thedecisionlab.com/reference-guide/philosophy/scamper>
- ❑ <https://www.bitesizelearning.co.uk/resources/scamper-model-creativity>
- ❑ <https://www.edrawmind.com/article/what-is-scamper.html>
- ❑ <https://leanscape.io/unleash-your-business-growth-potential-a-deep-dive-into-the-scamper-brainstorming-technique/>
- ❑ <https://bigbangpartnership.co.uk/scamper/>

Activity

□ Guidelines

- Make a group of 5
- Identify products that have been established in last 10 years
- Assess that how these products created convenience for its customers
- Chalk out your list of products on chart paper and post it on wall



