



MPH-3232

ENTREPRENEURSHIP

Chapter 2: Idea, Creativity and Opportunity

Generating Ideas

What is an idea?

- Is a thought, an impression, or a notion (opinion/belief).
- An idea may or may not meet the criteria of opportunity.
- An idea should **fill a need** and **meet the criteria of opportunity** in order to become a successful one.



Recognizing Opportunities

What is an Opportunity?

- An opportunity is a **favorable** set of **circumstances** that creates a **need** for a **new** product, service or business.

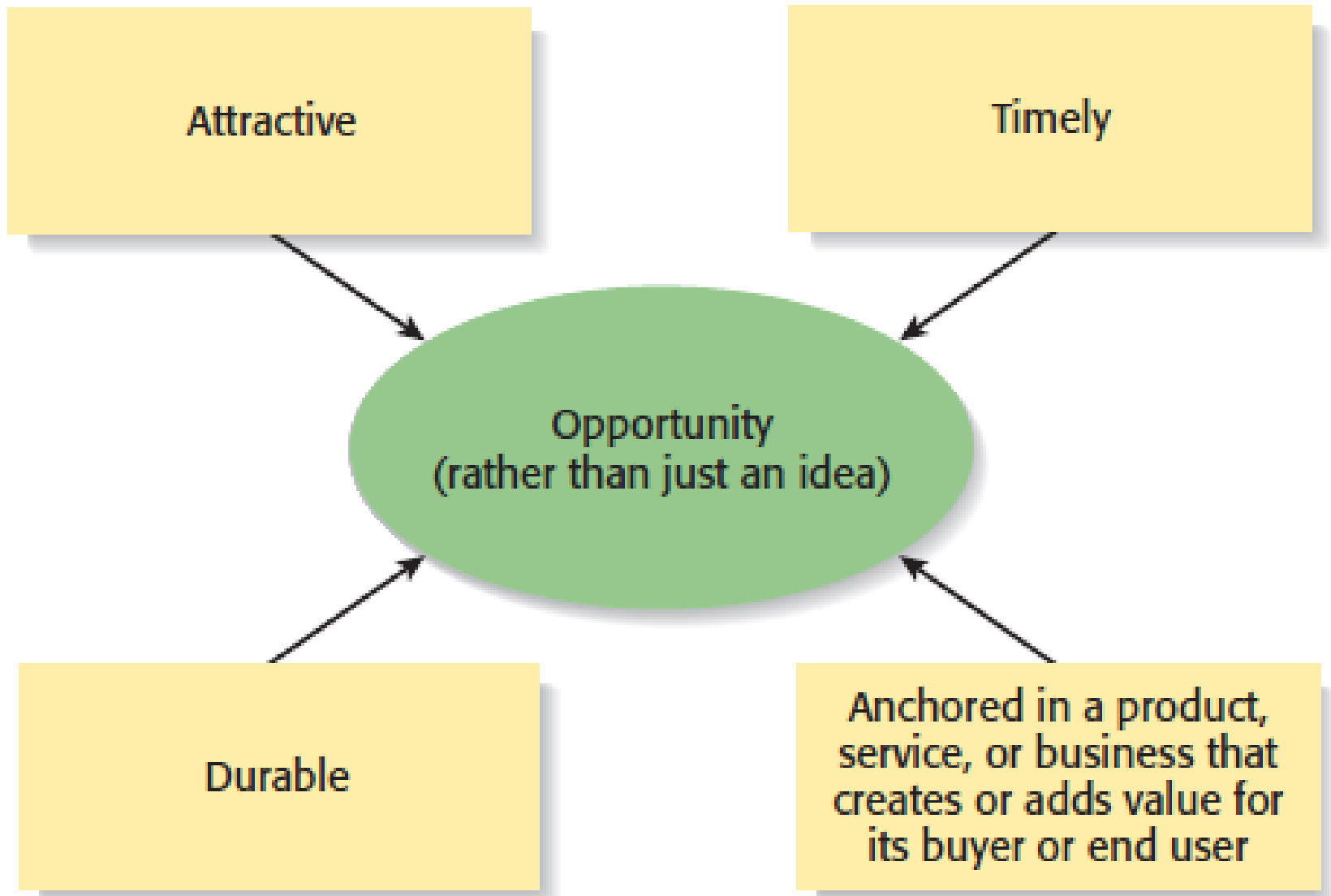


Recognizing Opportunities

- **Idea \neq opportunity**
- Some entrepreneurial ventures **fail** because there was no real opportunity
 - Examples: Selling skiing products in Malaysia



An opportunity has 4 essential qualities





Essential Qualities: (1) **Attractive**

- Have real demand in the market
- High Profitability
- Upcoming Trend
- E.g.: Organic food, online shopping





Essential Qualities: (2) **Durable**

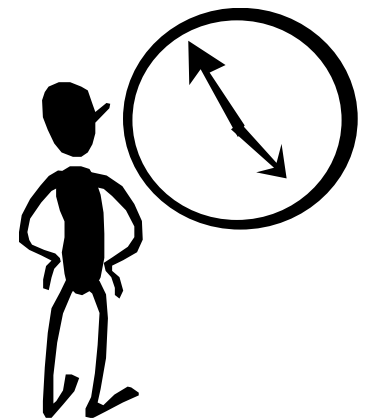
- The demand is consistent over time.
- E.g.: daily necessity
- Non-durable opportunity:
 - hi-tech product (e.g. netbook),
seasonal demand (FIFA World-Cup)





Essential Qualities: (3) **Timely**

- The right timing to enter the market to gain first-mover advantage
- Largely dependent on changes in external environments – PEST (political, economic, social, technological)





Essential Qualities: (4) **Anchored in a product/service/business that adds value to buyer/end user**

- Final product of the idea must be of value to the consumers.
- Fulfill consumers' needs.



Three Ways to Identify an Opportunity

Observing Trends

Solving a Problem

Finding Gaps in the
Marketplace



(1) Observing Trends

- Observe and study how **trends create opportunities** for entrepreneurs to pursue.
- The most important trends are **P.E.S.T.**
 - **Political** action and **regulatory change**.
 - **Economic** forces.
 - **Social** forces.
 - **Technological** advances.



Political Action and Regulatory Changes

- **New laws and regulations**
- Example: laws to protect the environment etc. have created opportunities for entrepreneurs
- **Example:**
 - no-plastic-bag days → manufacturing of recycle bags
 - no-car-day → bicycle industry



Economic Forces

- Indicators: Gross Domestic Products (GDP), disposable income, inflation, unemployment rate etc.
- Economy **strong** → more money to spend → willing to buy
- Economy **weak** → less money to spend → reluctant to spend

Economic Forces

- A weak economy favors startups that help consumers save money, e.g. **secondhand goods shop**



Social Forces

- Provide opportunities for new businesses to **accommodate the changes**.
- Changes in society, cultures, trends etc.
- People are **busy** → fast-food restaurants
- Interest in healthy food, “green” products health care, and etc..



Technological Advances

- Advances in technology create business opportunities.
- Examples: computer industry, internet, biotechnology, robotic manufacturing etc.



Technological Advances

2013: Google Glass



(2) 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** (*=occurrence of events by chance*), or **change**.

(3) Finding Gaps 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.
- Recognize consumer's **need that is not being satisfied**
- A **“market niche”** → **specialized but profitable market**
- Example: **products for left-handers**



2.3 Techniques For Generating Idea

- 1) Brainstorming
- 2) Focus groups
- 3) Library and internet research



1) Brainstorming

- A technique used to **generate a large number of ideas and solutions quickly**.
- Targeted to a **specific topic**
- **A group of people** come out with ideas (e.g. **ideas for new product**)
- **No criticism** is allowed
- Freewheeling and Leap-frogging are encouraged.
- Everyone raises his ideas



2) Focus Groups

- 5 to 10 people, who have been selected based on their **relationship to the issues** being discussed.
- Although focus groups are used for a variety of purposes, they can be used to **help generate new business ideas.**



3) Library and Internet Research

- Libraries are an often **underutilized** source of information for generating new business ideas.
- Discuss with a reference librarian
- Internet research
- **Use search engines – Google, Bing, Yahoo!**



4) 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.

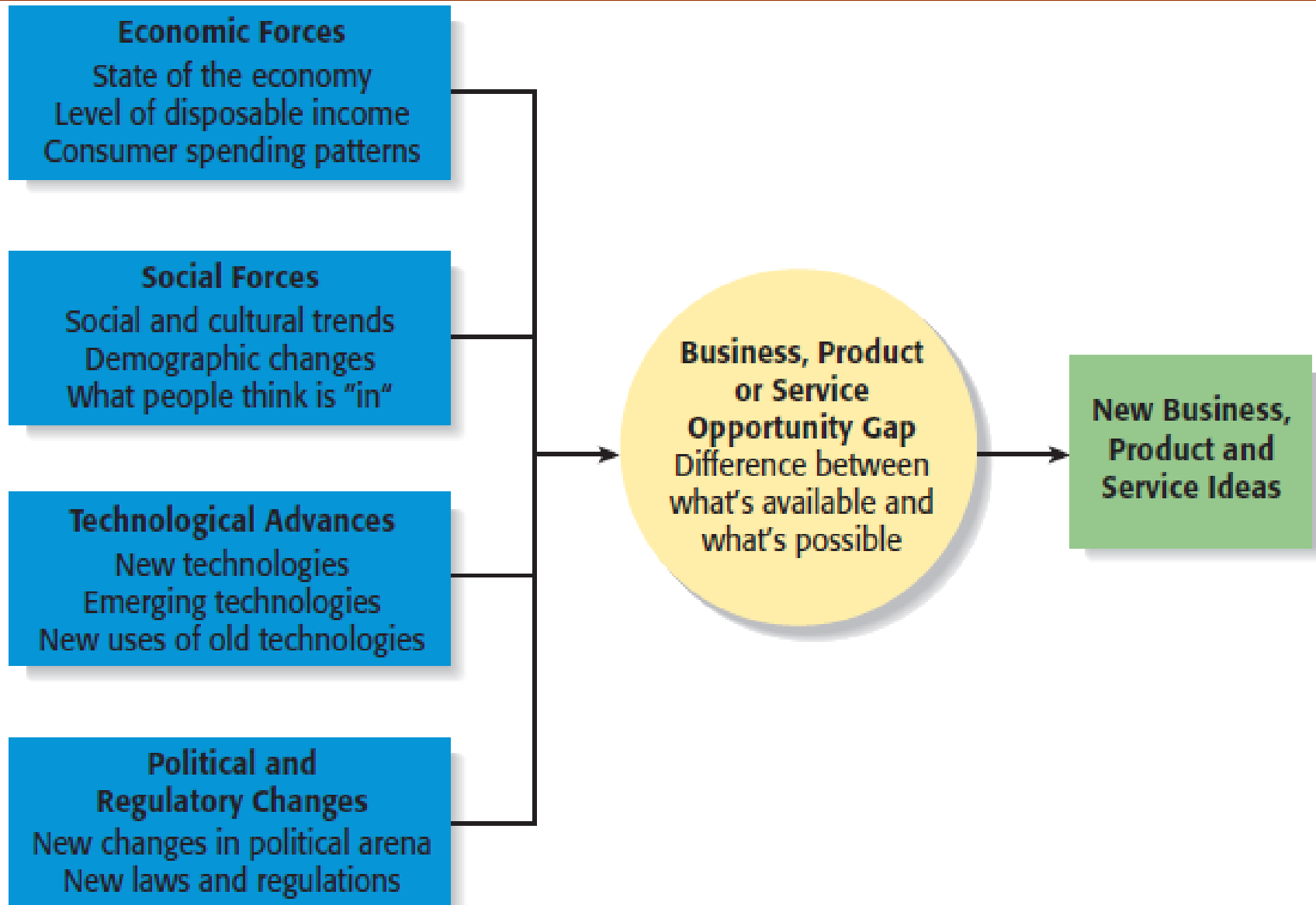


4) Other Techniques

- **Day-In-The-Life Research**
 - A type of anthropological (*=social behavior*) research, where the **employees of a company spend a day with a customer.**



Environmental Trends Suggesting Business or Product Opportunity Gaps



The End