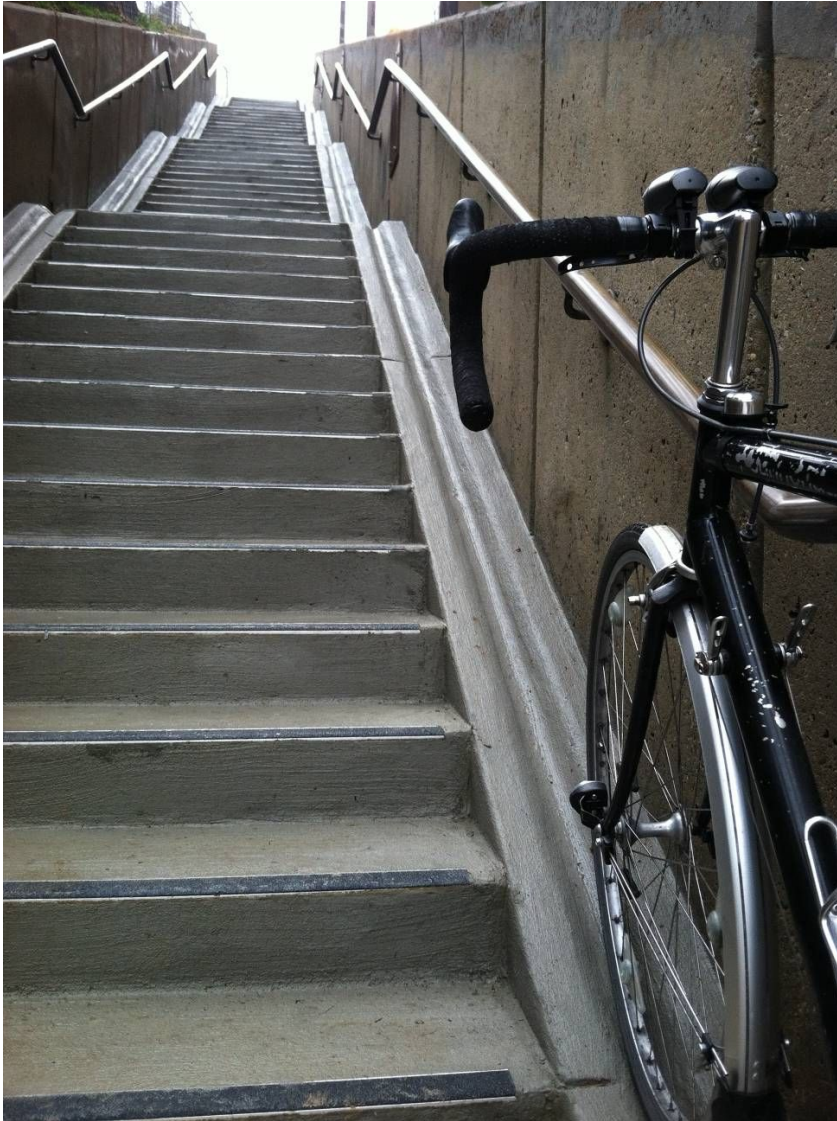


Identification of Business Opportunities









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Business Idea and Business Opportunity

- A business idea, is a concept that can be used for a commercial purpose, typically involves the introduction of new products and services into new markets.
- A Business opportunity is a situation in which a person can exploit a new business idea that has the potential to generate profit.

What Is an Entrepreneurial Opportunity ?

- They **create or add significant value** to the customer.
- They **solve a significant problem** by removing pain points or meeting a significant want or need for which someone is willing to pay a premium.
- They have a **robust market**, margin, and money making characteristics that will allow the entrepreneur to estimate and communicate sustainable value to potential stakeholders.
- They are a **good fit with the founder(s)** and management teams at the time and market place along with an attractive risk-reward balance.

What defines a good business opportunity?

- A **resolved problem (to find a solution)** faced by an actual or potential entrepreneur.
- An **unmet customer need discovered** by an actual or potential entrepreneur at a place of employment.
- **Changes in the business environment**

Characteristics of Business Opportunity

- **Urgency** of the market need
- **Adequate market size** – Demographic, Geographical, Lifestyle Factor.
- **Sound business model** – Purpose, Strategies, infrastructure, Organizational Structure, Marketing Program, operation policy and procedure.
- **Potential brand value** - to maintain a competitive advantage in the market.
- **An able management team** - to make it worthwhile and the team should be looking forward to being involved with it for a long time.

When Is an Idea an Opportunity?

- A business opportunity is a business idea that has been researched upon, refined and packaged into a promising venture that is ready to launch.
- 5 essential qualities are required:-
 - Attractiveness
 - Timeliness
 - Durability
 - Relevant (Must fulfil customer needs or solve the problem)
 - Creative and innovative

Methods for Generating New Business Ideas

Brainstorming

- 8–12 people and should be performed in a relaxed environment.
- Encouraged to share every idea that enters their mind with the assurance that there is no right or wrong answer.
- Setting the time limit (such as, say, 30 minutes) for the session.
- The facilitator clearly sets down the rules, discouraging criticism of any kind and encouraging a freewheeling approach, the voicing of as many ideas as possible, and a collective and constructive effort towards the improvement of ideas.
- The facilitator writes each idea down for everyone to see.
- Once time is up, the best ideas are selected, based on a few criteria decided upon in advance (such as, say, cost-effectiveness).
- The selection must be made on the basis of a consensus from everyone in the group.
- A score (say, zero to ten points) is given to each idea depending on how well it meets the criteria.

Survey Method

- The **survey method** involves gathering information from a representative sample population, that is, a fraction of the whole population under study that presents an accurate proportional representation of that population.
- **Surveys generate new products, services, and business ideas because they ask specific questions and get specific answers.**
- **For example,** Hindustan Unilever Limited undertook a market survey to explore the possibility of penetrating rural markets in India, and this helped the market research team to identify the idea of introducing shampoo sachets, which became an instant hit with people who would not buy an entire bottle of shampoo.
- Surveys may be of different types, such as general and specific surveys, regular and ad hoc surveys, preliminary and final surveys, and census and sample surveys.

Reverse Brainstorming - with the exception that **criticism is allowed**.

- The **focus is on the negative aspects of every idea** that has been generated through brainstorming.
- Also called the “sifting” process, this process most often involves the **identification of everything that is wrong with an idea**, followed by a discussion of ways to overcome these problems.

Gordon method - **Collective discussion addresses every aspect of the planned product** in an uninhibited solution-oriented way.

For example, to devise a new pen-holder, the group discusses the “holding” theme and examines all possible meanings of this word and all possible examples of “holding” (such as items, nature, etc.).

The group will later sit and study each idea to see if any of them may be useful for the planning of a new pen-holder. This **discussion encourages a fresh, creative, and unusual approach to developing a new product**.

ENTREPRENEURIAL OPPORTUNITY

What leads to the creation of opportunities?

Technological change

Technological Change	Form of the Opportunity	Example of a Business Idea in Response to the Opportunity	Reasoning
Internal combustion engine	New product or service	Automobile	Used to power automobiles
Internet	New way of marketing	Online shopping	Allows people to buy and sell products without the help of retail outlets
Cold storage	New market	Fruits	Allows one to export fruits
Computer	New method of production	Computer-aided design	Allows one to design products without building physical prototypes
Sensor	New material	Security	Used in shopping malls, theatres, and public halls

Entrepreneurial Opportunity– External Change

Regulatory and political change –

- The use of helmets was made compulsory by the government, helmets were reintroduced into the market with new features and the demand for helmets improved substantially.
- Political support for the country's infrastructural development, such as in the case of the construction of the golden quadrilateral, led to many business opportunities in the construction sector.
- To help companies comply with the ISO 9000 quality management system, the ISO 14000 environmental management system and the sarbanes–oxley act of 2002.

Entrepreneurial Opportunity – External Change

Social and demographic change

- Changes in Family and Work Patterns, the ageing of the population, increasing diversity at the workplace, increasing focus on health and fitness, the increase in the number of cell phone and Internet users, and new forms of entertainment, lead to the creation of business opportunities because they alter people's preferences or demand for products and services, and consequently make it possible to generate new ideas to meet new demands.
- For example, the ageing of the Indian population over the last 25 years generated business opportunities for entrepreneurs to make products and services for the elderly.

Entrepreneurial Opportunity – External Change

- **Economic Change**

- *Changes* Economic forces affect business opportunities by determining who has money to spend.
- An increase in the number of women in the workforce over the last few decades 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 few years.**

How to Identify a Business Opportunity?

Observing trends

- To follow economic, social, technological, and political trends.
- **For example**, the development of the internet and the miniaturization of electronics goods led to the development of e-commerce and laptop computers, respectively.

Solving a problem

- **To recognize and solve a pressing problem** that customers are facing today.
- **For example**, one of the most pressing problems facing countries round the globe is finding alternatives for fossil fuels. As a result, a number of entrepreneurial firms have been (and are still being) launched to take on this challenge.

How to Identify a Business Opportunity?

- **Finding gaps in the market place**
- Identifying business opportunities is to find a gap between what is needed by the customer and what is actually provided to the customer.
- **For example,** over three decades ago, the lack of toy stores focusing on a child's intellectual development resulted in the development of Discovery Toys, a California-based company specializing in educational toys.