

# ENT 2112 Homework 2

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### Review Questions

1. What is a product opportunity gap?
  - When there is a gap in what is on the market and allows for the possibility of a new product or trend which can be exploited by an entrepreneur.
2. How can an entrepreneur tell if a product opportunity gap exists?
  - Product opportunity gaps can be identified by people looking for a product that they can't find anywhere. This could also be done through market research.
3. What is an opportunity?
  - "An opportunity is a favorable set of circumstances that creates a need for a new product, service, or business."
4. What are the qualities of an opportunity, and why is each quality important?
  - *Attractiveness* is important because if the product isn't appealing, no one will buy it.
  - *Timeliness* is important because if the market isn't ready for the product or there are already mature products in the market, your product won't sell.
  - *Durability* is important because no one wants a product that will fail.
  - *Anchoring* is important because brand new products are a tough sell while something that enhances an existing feature is easier to sell.
5. What four environmental trends are most instrumental in creating business opportunities? Provide an example of each environmental trend and the type of business opportunity it might help create.
  - *Economic forces*: If an existing product is becoming too expensive for the average consumer, a new company has the opportunity to step in and provide a lower-cost alternative such as the AmazonBasics brand of items.
  - *Social trends*: A new company could capitalize on any number of social trends. SillyBandz are a great example of this because they held no value.

- *Technological advances:* The wearable technology market is very competitive with Apple and FitBit (now owned by Google) in the lead. This also capitalizes on the social trend of tracking one's health and wellbeing.
- *Political and Regulatory Changes:* A new company could capitalize on the confusion with GDPR and create a service that helps existing companies become GDPR compliant.

6. How can “solving a problem” create a business opportunity for an entrepreneur to pursue?

- Any problem that needs to be solved on a large scale is a potential business opportunity. If someone has a problem with something, there's always a price they're willing to pay for a solution.

7. How can finding a gap in the marketplace create a business opportunity?

- When there is a gap in what is on the market and allows for the possibility of a new product or trend which can be exploited by an entrepreneur.

8. What is the meaning of the term opportunity recognition?

- "the term opportunity recognition refers to the process of perceiving the possibility of a profitable new business or a new product or service."

9. What are the two caveats that an entrepreneur should keep in mind when observing environmental trends to create new business opportunities?

1. Distinguish between trends and fads
2. Even though trends are discussed individually, "they are interconnected and should be considered simultaneously when brainstorming new business ideas"

10. What is entrepreneurial alertness and why is it important to entrepreneurs?

- "the ability to notice things without engaging in deliberate search" This seems very vague but whatever.

11. How does an extensive social network provide an entrepreneur an advantage in recognizing business opportunities?

- People with an extensive social network are exposed to more ideas and business opportunities.

12. What is the difference between a weak-tie and a strong-tie relationship? Which type of tie is most likely to help an entrepreneur find an idea and why?

- Strong-tie relationships are frequent interactions such as between coworkers or friends while weak-tie are infrequent interaction such as casual acquaintances. Weak-tie relationships are more likely to present an idea because strong-tie form between like-minded people while weak-tie are less likely to think alike.

13. What is brainstorming?

- "brainstorming is simply the process of generating several ideas about a specific topic."

14. How does creativity contribute to the opportunity recognition process?

- Creative people are more likely to recognize any given opportunity.

15. What are the five stages of the creative process for an individual?

1. Preparation
2. Incubation
3. Insight
4. Evaluation
5. Elaboration

16. What are the differences between an opportunity and an idea and why are those differences important for entrepreneurs?

- "An idea is a thought, an impression, or a notion." A good idea is useless without an opportunity.

17. Why is "no criticism" the number-one rule for brainstorming?

- "Criticism stymies creativity and inhibits the free flow of ideas."

18. How is a focus group used to generate new business ideas?

- Focus groups ask average consumers what they would like to see in a specific market or what they do or don't like about products in an existing market.

19. How does a firm encourage and protect new ideas?

- New ideas are encouraged in brainstorming sessions through freewheeling, leapfrogging, and more. Ideas are protected by NDAs and patent law.