

Chapter- 1

Entrepreneurial Opportunities

BUSINESS OPPORTUNITY

It is an economic idea that can be implemented to create an enterprise and earn profits.

ELEMENTS OF BUSINESS OPPORTUNITY

- Assured market scope
- An attractive and acceptable rate of return
- The practicability of the idea.
- Competency and ability of the entrepreneur to encase it
- Potential for future growth.

STAGES OF ENTREPRISE BUILDING PROCESS

- Spotting an opportunity by analyzing the needs and problems of society.
- Evaluating the ideas received from different sources to find a creative solution.
- Identifying a product or service through innovation.
- Setting up a project and nurturing it to success.

PERCEIVING AND SENSING OPPORTUNITIES

Sensing entrepreneurial opportunities is a process of converting an idea into an opportunity and then into an enterprise

- Synthesizing the available information.
- Analyze emerging patterns that escape from the attention of other people.

FACTORS INVOLVED IN SENSING OPPORTUNITIES

Opportunities exist in different forms in the environment. To sense an entrepreneurial opportunity, an entrepreneur employs his/her sharpened skills of observation, analysis, and synthesis to identify the opportunity. The factors are:

- Ability to perceive and preserve (basic idea): perceiving an opportunity or an idea might come from different sources, such as:
 - Problem
 - Change

- Invention
- Competition
- Innovation
- Ability to harness the different sources of information: the different sources may be magazines, journals, books, seminars, friends, relatives, customers, etc. this information has to be analyzed and an opportunity has to be identified.
- Vision and creativity: Through creativity, the entrepreneurs provide a solution. With their vision, they convert the solution into a business opportunity.

ENVIRONMENT SCANNING

Environment scanning means careful monitoring of an organization's internal and external environment for detecting early signs of opportunities and threats that may influence its current and plans.

'If you don't adapt, you don't endure.'

IMPORTANCE:

- Identification of opportunities to get first movers advantage: Environment keeps on changing; by being vigilant and aware an entrepreneur can identify the opportunities and make strategies at the earliest.
- Formulation of strategies and policies: By scanning the environment the entrepreneur can come to know about the threats and opportunities. Strategies and policies can be prepared to counter the threat and exploit the opportunities.
- Tapping useful resources: If a company has a thorough knowledge of the environment, the enterprise can tap resources like finance, human resources, and physical resources from the market at the right time, at the right place, and right cost.
- Better performance: performance can increase with timely action in dealing with the threats and opportunities.
- Sensitization of entrepreneurs to cope up with rapid changes: environment scanning will help to sensitize the entrepreneur and become proactive towards the needs of customers, changing trends, technology, etc.

- Image building: If the company is sensitive to the external environment, it will come out with new products and services or bringing out better goods and services which help in image building.

ENVIRONMENT ANALYSIS

The process of monitoring the economic and non- economic environment, to determine the opportunities and threats to an organization

- This analysis involves:
 - Data collection
 - Information processing
 - Forecasting to provide developing goals
 - Strategies for business survival.

SOURCES OF INFORMATION

- Verbal information from customers, wholesalers, retailers, distributors, etc.
- Records of companies.
- Government publications.
- Publications by the financial institution
- Formal studies were conducted by strategic planners.

SWOT ANALYSIS

S – Strengths.

W- Weaknesses

O- Opportunities

T- Threats.

SWOT-analysis helps an entrepreneur to decide on a particular opportunity keeping in view his strengths and weaknesses (internal analysis) and the opportunities and threats (external analysis) in the market.

ENVIRONMENTAL FACTORS

These factors refer to various forces within which various small, medium, and large enterprises operate. The business environment can be classified as:

- Internal environment: It is specific to the company's internal strengths and weaknesses.

- External environment: These are those factors that exert pressure on the firm from outside. These can be classified as Micro environmental factors

MICRO ENVIRONMENT

It affects a particular firm and is specific to it. It includes:

- Suppliers
- Customers
- Intermediaries
- Competitors
- General public

MACRO ENVIRONMENT

These are the factors that affect the industry as a whole. They are uncontrollable. It includes (PESTEL):

- Political
- Economic
- Social/ cultural
- Technological
- Ecological
- Legal

PROBLEM IDENTIFICATION

When there is a roadblock in a situation, which poses a conflict and forces you to find a solution, then this roadblock is a problem and when one identifies this roadblock, it is called problem identification.

Roadblock - that needs a solution

OBJECTIVES OF PROBLEM IDENTIFICATION

- It should clearly state the problem
- To identify the target group facing the problem.
- To find the market acceptability of the solution to the problem.

USES OF PROBLEM IDENTIFICATION

- To understand the needs and problems of the market.

- To bring out new products in the market.
- To become creative.
- To increase employment generation.
- To increase the national income of the country.

IDEA GENERATION

Idea generation is a process of creating, developing, and communicating ideas that are abstract, concrete, and visual.

Business ideas are an outcome of:

- Careful analysis of market trends.
- Careful analysis of consumer needs.
- Discovery through accident
- Exploring the ways of getting ideas.

IDEA FIELDS

- Idea fields are convenient frames of reference for streamlining the process of generation of ideas.
- The process of generation of ideas can be streamlined by developing awareness for different idea fields.
- Helps in enlarging the scope of thinking and also gives the entrepreneur the benefit of structuring ideas based on convenient frames of reference.

Sources of idea fields

- Natural resources – ideas can be generated based on natural resources. A product or services may be desired from agriculture, horticulture, forest, animal husbandry, etc.
- Existing product or service- a great business idea combines skills with imagination and market demand. Businesses keep on changing or improving their existing products because it will help the business to expand and grow. It can benefit the business in different ways like keep up with the competition, increase sales, etc.
- Market or Demand-driven ideas: market research is an important method of generating an idea. It is an organized effort to gather information about target markets or customers. It is a good source of generating ideas, as it gives information regarding

market needs, market size, and level of competition, the general environment, and state of technology.

- Trading related ideas: trading is buying goods and services and selling them to consumers at profit. This is easier to launch and less risky
- Service sector-related ideas: service sector is the most growing field these days. Many opportunities can be identified by understanding the linkages to different business activities. Examples: specialty tourism, theme-based restaurants, salons, career counseling, etc.
- Creative efforts: creativity is not only used to spot and harness opportunities. It can also be applied to develop new products and services. There are different ways in which creative ideas can be generated like develop a new product or service, improve an existing product or service, find a new processor resource for manufacturing a product, find a new use of an existing product or service.

PRODUCT IDENTIFICATION

After opportunity spotting and scanning of the environment, an entrepreneurial idea should lead to a definite product.

Idea and opportunity assessment

- Product identification: the idea should lead to a definite product/ service which he can sell. It is to be seen if the product is available in the market. If yes, then the reason for introducing the product in the market.
- Application and use: ideas are to be examined for their real-life use and application. If the product already exists, then modification should be proposed that should lead to its better use.
- Level of operation: this will depend on the type of product, skill, use of labor, and expertise. The entrepreneur should decide whether he should produce on a large scale or small scale.
- Cost: the cost should be assessed at a different level. The price of the competitor should be known, this will help in determining the sale price.
- Competition: competitive analysis should be done through demand and supply position

- Technical complexity: To prepare the product, the technology required is locally available or have to be sourced from outside and the training requirements.
- Annual turnover and profit margin. The annual turnover has to be estimated as profits are based on the number of net sales.

MARKET ASSESSMENT

Once the entrepreneur has assessed the opportunities, he has to assess the market. The selection of the product will depend upon market assessment. The factors which require careful evaluation while assessing the market are:

- Demand: the demand for the product should be assessed based on the market being targeted.
- Supply and nature of competition: the present supply schedule of the competitors should be assessed. The future supplies by the possible new entrants have to be taken into consideration.
- Cost and price of the product: the price of the product should be competitively set about existing competitors of the product.
- Project innovation and change: the entrepreneur has to consistently keep a watch on technological changes and innovation or else he/she will lose the market share.

TREND SPOTTING

It means the identification of new trends. This will help the entrepreneur to come with the products which are according to the trends of the market.

Ways in which an entrepreneur spots a trend

- Read trends: wide varieties of information can be collected from various sources like read the leading publications, industry publication, business magazines, websites related to business, etc. and choose the relevant information.
- Talk trends: entrepreneurs participate in events organized by specific industry's trade association, whether it is online or offline. They can also join groups on the network to get the latest trends. They should pay attention to what the customers are saying not only on their product but also on the competitors' product.

- Watch trends: entrepreneurs can observe the habits, preferences, and likes and dislikes of the consumer.
- Think trends: when an entrepreneur begins gathering information regularly, he becomes a trend spotter. After reading, watching, talking the entrepreneur uses his ability to think, analyze, and synthesize and make a connection with his business.

CREATIVITY

It is the first stage in the process of innovation which leads to the discovery of opportunity and new venture creation.

Creativity process

- Idea germination: it is the stage where the new ideas grow. The idea germinates from the interest and curiosity of the entrepreneur. He explores and exploits it to its best potential.
- Preparation: after germination of an idea it needs to be implemented. For this, the entrepreneurs take up the market research to see whether the product will have any future or not.
- Incubation: this is the transition period. The entrepreneur thinks about his idea, its pros, and cons and the process of its implementation.
- Illumination: this occurs when the idea resurfaces realistically. The entrepreneur comes with a viable plan to give practical shape to his idea by collecting raw materials, arranging for finance, etc.
- Verification: this is called the validation or testing stage. In this, the idea is translated into a useful and useful application.

INNOVATION

It is the process of entrepreneurship which involves the translation of a useful idea into an application which has a commercial value

Elements of the innovation process

1. Analytical planning involves:
 - Identifying the product or service features.
 - Design

- resources
2. Resource organization involves:
 - Human resources
 - Material resources
 - Technology
 - Capital resources
 3. Implementation involves:
 - Applying resources
 - Delivering results
 4. The commercial application involves:
 - Provision of value to customers
 - Reward employees
 - Satisfy stakeholders.

SELECTING THE RIGHT OPPORTUNITY

The entrepreneur should look into various factors before deciding on the opportunity. Even if the opportunity looks promising, an entrepreneur should look into environmental factors before choosing the best opportunity.