

ENTREPRENEURSHIP

CHAPTER 1: ENTREPRENEURIAL OPPORTUNITY



Entrepreneurial Opportunity

Meaning of Business Opportunity -

Business opportunity can be described as an economic idea which can be implemented to create a business enterprise and earn profits.

❖ Elements of Business opportunity:

- Assured market scope,
- An attractive and acceptable rate of return on investment,
- Practicability of the entrepreneur to encash it,
- Competence of the entrepreneur to encash it,
- Potential of future growth.

❖ Exploring opportunities in the environment:

- Opportunity spotting by analyzing the needs and problems that exist in the environment,
- Evaluating the ideas received from different sources to find a creative solution,
- Identifying a product or service through innovation.

❖ Factors involved in securing opportunities:

- Ability to perceive and preserve basic ideas which could be used commercially,
- Ability to harness different sources of information,
- Vision and creativity.

▪ Various sources which lead to the basic ideas:

- a. Problem
- b. Change
- c. Inventions
- d. Competition
- e. Innovation Importance of environment

- ✓ Identification of opportunities to get first move advantage
- ✓ Formulation of strategies and policies
- ✓ Tapping useful resources
- ✓ Better performance
- ✓ Sensitization of entrepreneurs to cope up with rapid changes
- ✓ Image building.

- **Analysis of environment:**

- ✓ Verbal information from customers, wholesalers, retailers, distribution consultants, etc.
- ✓ Record of companies,
- ✓ Government publications,
- ✓ Publications by various financial institutions,
- ✓ Formal studies conducted by strategic planners.

- ❖ **Environmental Factors:**

- Internal Factors (Micro environment),
- External Factors (Macro environment).

PESTEL Model –

- Political
- Economic
- Social
- Technological
- Ecological
- Legal

Idea Generation: The process of creating, developing and communicating ideas which are abstract, concrete or visual.

- ❖ **Sources of business ideas:**

- Examine your own skill set for business ideas,
- Keep up with current events and be ready to take advantage of business opportunities, — Invent a new product or service,
- Add value to an existing product,
- Investigate other markets,
- Improve an existing product or service,
- Get on the band wagon.

- ❖ **Ideas fields:**

- Natural resources
- Existing products
- Market driven ideas

- Funds related ideas
- Service sector ideas.
- **Creative effort of the entrepreneur Steps involved in idea and opportunity assessment:**
 - ✓ Product identification,
 - ✓ Application and use,
 - ✓ Level of operation,
 - ✓ Cost,
 - ✓ Competition,
 - ✓ Technical complexity,
 - ✓ Annual turnover and profit margin.

❖ **Factors to be kept in mind while assessing the market:**

- Demand
- Supply and nature of competition
- Cost and price of product
- Project innovation and change.

❖ **Ways to spot trends:**

- Read trends
- Talk trends
- Watch trends
- Think trends

❖ **Creative process:**

- Idea germination
- Preparation
- Incubation
- Illumination
- Verification

▪ **Innovation process:**

- ✓ Analytical planning,
- ✓ Organizing resources,
- ✓ Implementation,
- ✓ Commercial application.

Words That Matter -

- ❖ **Entrepreneur:** is one who always searches for an opportunity.
- ❖ **Cost advantage:** Some entrepreneurs reduce the price using resources and capabilities to achieve either a lower cost like cheaper inputs, efficient processes, favourable location, skilled workforce, superior technology and waste reduction.
- ❖ **Resources:** Anything that helps in the raising of goods and services.
- ❖ **Types of resources:** Materials, technological, human or capital resources.
- ❖ **Business opportunity:** Any economic idea which can be implemented to create a business enterprise and earn profits.
- ❖ **Scan literally** means 'to examine closely'.
- ❖ **Sensing entrepreneurial opportunities** is a process of converting an idea into an opportunity and then into an enterprise.
- ❖ **Sources of information** like magazines, journals, books, seminars, trade shows, family members, customers, friends, etc.
- ❖ **Creativity** is defined as "the ability to bring something new into existence".
- ❖ **Innovation** refers to the process of doing new things.
- ❖ **Environment scanning:** Careful monitoring of an organization's internal and external environment.
- ❖ **The PESTEL Model:** Political, Economic, Social, Technological, Ecological,
 - **Legal Competencies:** Entrepreneurial competencies are the skills and ability necessary for an entrepreneur to venture into an enterprise organize, and manage an enterprise ably and competently realize the goal for which the enterprise is established.
- ❖ **Strategic Thinking:** The entrepreneur understands and values the planning process, thinking and planning over a significant timescale; recognizes external trends and opportunities; and is able to think through any complex implications for the business.
- ❖ **A problem** is a roadblock in a situation.
- ❖ **Idea Fields** means 'Convenient frames of reference for streamlining the process of generation of ideas.'
- ❖ **Market research** is any organized effort to gather information about target markets or

customers.

- ❖ **Target markets:** Trade in simple terms is buying goods and services and selling them to consumers at a profit.
 - **Annual turnover:** Total sales of a year.
 - **Profit margin:** It indicates the market share of the product or service.
 - **SWOT:** Strengths, Weaknesses, Opportunities and Threats.
 - **Illumination:** The idea re-surfaces in realistic way and viable plan is converted to give practical knowledge.
 - **Stakeholders:** A person, group or organization that has interest or concern in an organization's investors, employees, customers and suppliers.
- ❖ **Trader:** A person who is engaged in buying and selling of goods.
- ❖ **Business environment:** Implies aggregate of all forces, factors and institutions, which are external to and beyond the control of business organizations and their management, size of the market, banking and credit facilities, transport and communication systems, Niche Blogging is the act of creating a blog with the intent of using it to market to a particular niche market.
 - Niche marketing is a marketing strategy, which can be intelligently used by a small entrepreneur. He can try and identify his own USP (Own Selling Proposition), which can be targeted towards some very specific market segments called a niche.
 - By providing personal service, convenience and value to the customers.
- ❖ **Consumerism:** It involves protecting and informing consumers or an obsession with buying material goods or items.
- ❖ **Code Division Multiple Access (CDMA)** is a channel access method used by various radio communication technologies. CDMA is an example of multiple access, which is where several transmitters can send information simultaneously over a single communication channel.
- ❖ **WhatsApp** is one of a number of messaging apps that have taken advantage of data plans on smartphones to provide a practically free alternative to texting. The service costs nothing for the first year and is \$1 a year thereafter, letting users swap text, pictures and audio clips, as well as set up group chats.
- ❖ **Solar Water Heating (SWH) or Solar Hot Water (SHW)** systems comprise several innovations in renewable energy.
- ❖ **Karaoke:** A music entertainment system providing prerecorded accompaniment to

popular songs that a performer sings live, usually by following the lyrics (words) on a video screen.

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