

IDEAS AND OPPORTUNITIES

Great ventures start with great opportunities and great ideas. A great idea is not necessarily a great opportunity. You'll need to learn how to identify and evaluate opportunities, and how to generate and evaluate ideas that might spring from those opportunities.

Guide to Identifying and Evaluating Opportunities

Opportunities are needs, wants, problems, and challenges that point to a market—to customers who would buy the innovative solutions that you create to meet the needs, satisfy the wants, solve the problems, or meet the challenges.



To be successful, you have to identify an entrepreneurial opportunity. How do entrepreneurs seek out, find, and assess potential opportunities? Here are some suggestions to help you learn to identify opportunities.

I. An Entrepreneurial Safari—On the Hunt for Opportunity

Safari Tip #1: Recognize patterns as they are forming. The entrepreneur has an advantage if trends, patterns, and changes are detected before others have noticed them—perhaps even before they have happened. Think of any special insights you may have because of your age, your taste in fashion, food or entertainment, or because of special knowledge you may have acquired as a result of jobs you've had or hobbies you've enjoyed.

Safari Tip #2: Look at the small things. Many of the best opportunities lie in what has been overlooked. Perhaps a service could be improved by using a different type of venue, such as the Internet. Or a product that is used for one purpose could perhaps be changed slightly and used for another. An example would be socks that can be made into toys for infants.

Safari Tip #3: Don't overlook the obvious. There is a saying that "only a foolish mouse would hide in a cat's ear, but it is the foolish cat that fails to look there."

Safari Tip #4: Watch for good ideas that are poorly executed. Some people find the opportunities but just don't know how to take advantage of them. Because of your special experience and knowledge, you may be able to improve on a failed idea.

- Safari Tip #5: Combine two or more things/thoughts together. Somebody came up with the idea for combining a bar and a Laundromat. Someone else thought of combining a coffee shop and bookstore. Opportunities can often arise when two things are brought together for examination and thought.
- Safari Tip #6: Look for new, generally unknown information. The best information is what is new and/or generally unknown. You might find widely scattered information on the Internet, for example, and by assembling it in one place provide it to others for a fee.
- Safari Tip #7: Talk with people. What better way is there to identify needs, wants, and problems than by talking to people and finding out what they have to say? Don't overlook talking with your own family and friends about their problems, needs, or challenges.
- Safari Tip #8: Read journals, trade magazines, and online publications to keep on top of things and to gather new information that may give rise to an opportunity or idea.
- Safari Tip #9: Look for what has worked elsewhere. Perhaps you've travelled to a foreign country and seen a product or service that is not being offered where you live. You could research its application in your country and perhaps introduce it as something "new."
- Safari Tip #10: Look for new ways to meet old needs and wants. The Internet provides new ways for the elderly to stay in touch with their families, for example. You might be able to help this group to get online.
- Safari Tip #11: Look for ways to overcome barriers that blocked a good idea in the past. People tend to resist change, and some other entrepreneur may have been unable to overcome the resistance to a good idea. Often barriers disappear over time. Perhaps a service business failed because of zoning laws, which may have since changed.
- Safari Tip #12: Look for "left-behind" markets—leaded gas cars, older model computers, 8-track tape players, Volkswagen beetles. As long as people continue to use certain things, they continue to have needs.
- Safari Tip #13: Look for good ideas that can be improved.

- Safari Tip #14: Look at why people buy something rather than what they buy. Find out what motivates people—what prompts them to buy something. Opportunities are often disguised as underlying needs and wants.
- Safari Tip #15: Look for new uses for old products—old tires, end pieces of lumber, record players, records.
- Safari Tip #16: Look for what's not working. If you can make it work, you may have found an opportunity.
- Safari Tip #17: "Take a complainer to lunch." Look for unhappy, dissatisfied people. They may point out needs and wants that you could fill.
- Safari Tip #18: Look for happy, contented people. Here you will find insight into what has worked and what might work better.
- Safari Tip #19: Stay alert. Pay attention to people and the world around you and you will notice opportunities everywhere.

II. Trends

When growing numbers of people act in similar and new ways, we call this a trend. Trends reflect just about any type of human behavior. Look for trends in the following areas and think of direct needs or problems that might accompany these trends. Or imagine spin-offs of these trends and/or combining trends. For example, a trend to healthier eating might be combined with a computer game focused on nutrition.

The following are just a small sample of the areas in which you can identify trends. Look at the examples in each category and try to think of at least one trend for each. For example, what is a trend related to theme parks? Are they more popular or less? Do they attract older or younger visitors? Do they use new technology to create new attractions? Are they being located in places where they didn't exist before, or are they disappearing from places where they used to be popular?

Entertainment: apps for smartphones, theme parks, sports, music, online gaming, parties, collectables, hobbies, card games, board games.

Food and dining: restaurants, take-out, cooking, cookbooks, catering, drive-ins, desserts, health food, vegetarianism.

Family and lifestyle: family structure (the number of generations under one roof and how they interact), the number of children or no children, marriage versus cohabitation, religion, urban/rural living environments.

Education and training: language schools, online learning, universities versus colleges, high school drop-outs, tuition costs, summer jobs, the numbers and types of teachers and trainers, buildings/facilities for training, educational supplies and resources.

Health: aging population, boomer generation, new drugs and treatments, exercise, exercise equipment/facilities, home care, cost of health care, medical supplies, nutrition.

Travel and transportation: bicycles, self-driving cars, boats, buses, roller-blades, walking, railways, aircraft, online reservations, group travel, travel insurance, fuel, maintenance, cleaning.

Clothing and fashion: infants, children, women, men, teenagers, seasonal, sports, cleaning, repairing, recycling, designs, imports, colours, fabrics, manufacturing.

Technology: new apps, games, online services, hardware, uses for smartphone video, uses video calls (Skype, Facetime, iChat).

Media: Online TV, movies, Youtube videos, books, blogs, styles, content, language, marketing.

The arts: dancing, acting, singing, performing, circuses, stage and set design, directing, painting, graphics, storytelling.

III. Innovation and Technology

In recent years, some of the greatest entrepreneurial opportunities ever have been created by the innovative application of new technologies. For example, the Internet was created by scientists to exchange research and other information among universities around the world. And look at it now! Consider the distinction between invention and innovation, defined below, and then read one story of how invention leads to innovation, which leads to more innovation....

Invention: The creation of a new technology, item, or process.

Innovation: The use of a new technology, item, or process to change what goods and services are provided, the way they are produced, and/or the way they are distributed.

New entrepreneurs often believe they have to invent something in order to create an opportunity. In fact, inventors and entrepreneurs are often quite distinct from each other—invention and entrepreneurship are different, but usually overlapping, processes that involve different and precise skills. Entrepreneurs tend to be innovators. They take the inventions of others and either put them to work in the marketplace or find new ways of applying them to problems, needs, wants, or challenges.

Here is an example of the innovative application and combination of new technologies from the consumer electronics industry.



Home video cameras are now consigned to the technological dustbin, but there were significant technological challenges to overcome before they became a reality. For example, in their earlier "analogue" format (non-digital), in order to record the amount of information onto videotape that moving pictures require (30 images per second) the tape would have to pass very quickly over the recording heads, thereby requiring an enormous amount of tape. Inventors solved this problem by mounting the recording heads on a spinning drum and having the tape pass by relatively slowly while the drum spins very quickly. The same process made videotape players possible, which started the new electronics revolution. Entrepreneurs quickly spun off innovative businesses such as video rentals.

This invention led to a series of yet more innovative spin-offs.

Although it was invented for video, this same process allowed audio engineers to solve a similar problem—how to produce high-fidelity recordings without using vast amounts of tape. By mounting audio heads on the spinning drum, they were able to produce very high quality audio and hi-fi VHS videocassettes were born.

When digital imaging was developed for still cameras, the pictures it produced were high quality, but required more storage space. They would have been perfect for video but at thirty images per second, this created a daunting storage problem. However, digital audiotape had already been invented which allowed audio signals to be recorded using a static audio head, but in digital format. Designers combined the rotating video recording drum concept with digital audiotape and applied it to digital audio recording.

For several years, this process worked well, but digital video output quality was still not up to emerging broadcast video standards. Fortunately, computer scientists continued to make smaller and more powerful hard drives and eventually very powerful and tiny storage cards that allowed for an hour or more of high definition recording and the process became practical and efficient.

Early digital video cameras had built-in still picture capability, so entrepreneurs and innovators applied these new digital technologies to still cameras, as well, turning them into smaller versions of video cameras. The market was filled with new cameras, all promising higher quality videos and stills with even more storage space. Then along came the "Smart Phone" and with all of its internal power innovators were able to add camera features and eventually, high definition video. Today, most people on earth can take high definition video and stills with their personal phones....Tomorrow? Who knows? Maybe you will be the next Smart Phone innovator!

One invention leads to a myriad of innovative applications. Try the brainstorming techniques described below to see if you can create opportunities by applying new technologies to new and old problems or applications.

 **Brainstorming Opportunities**

Just as your first idea isn't likely to be your best idea, the first opportunity may not be the best either. For example, you may discover that the aging population will mean a growth in the health care field. But which part of this vast area holds the most and best opportunities? New Apps? Home care? New drugs? Better nutrition? Health care centres? Education? Before you commit yourself to the hard work it will take to research an opportunity, make sure you've brainstormed as many variations of it as you can. Try the brainstorming activity below with your friends, either online via social media, or in person, to see how many opportunities you can come up with. Keep the tips below in mind as you go.

Tips for Maximizing Creative Activities

- If you do this in person, choose an unusual setting or rearrange the setting you're in. Humans tend to get into ruts, which restrict creative thinking. Try these activities outside, perhaps on your deck or in your backyard. Wear unusual clothing and arrange yourselves randomly, rather than sitting in ordered rows or circles.
- In creative exercises, there are no wrong responses or answers. Anything goes. Go for volume and don't worry about quality at this point. Make sure everyone gets involved.
- Leapfrog off each other's ideas. If someone says "frog," another might say "pond," for example.
- Record your ideas as you go.
- Have fun. We tend to be more creative when we're having a good time.

Brainstorming Activity

You can do this in person, or online. If you do it online, you could use social media tools or any other tools you might find online. Here's how to do it in –person, in a school classroom, for example.

Materials: Flip-chart paper, different coloured felt pens

1. Form a group of three or more people. They can be friends, classmates, or business associates. It doesn't matter.
2. Generate a list of problems or challenges that individuals in the group feel represent broad unsatisfied needs. We'll assume "aging population" is on the list.
3. Write one item from the list (for example, "aging population") in a circle in the centre of a sheet of flip-chart paper.
4. In a three-minute, timed exercise, have everyone blurt out whatever comes into their heads when they see the words "aging population." Before starting, encourage people to

leapfrog off each other's ideas and, remember, there are no wrong ideas. Get as many as possible.

5. Record all these ideas on the sheet as you go.
6. If you have enough people to form two groups (of even three each, for example), exchange sheets and run another three-minute session where each group adds to the other group's ideas. Record these in a different colour to see which group contributed which ideas.
7. When you're finished, tape the sheets up on a wall or chalkboard and discuss the ideas that you've come up with. Underline the ones that seem the most interesting or promising and then choose one, for example, "health care."
8. Run another brainstorming session, this time with "health care" as the central idea.
9. Run one more session based on the outcome of the previous one, and you should end up with one specific need that you might be able to address as an opportunity.



Researching and Evaluating Opportunities

The only way to be sure that you have identified a solid opportunity is to research and evaluate it thoroughly. Use the questions, below, to guide you through the process of researching and evaluating an opportunity you've identified.

1. What need, want, problem, or challenge does your opportunity address? Describe it in detail.

For example, let's say that you perceive a need for home care for the elderly.

Whose need is this? Is it the need of the elderly or the need of traditional health care services to create space for younger patients? Do the children of elderly people need this service for their parents or grandparents? Is it a larger need for society to keep the elderly in their homes longer for a better life as they age?

What needs are you including in home care? Is this a health care need or a lifestyle need? If it is a health care need, is there a need for prescription drug counselling? Post-hospital care for those recently treated for illness? Nutrition counselling? Physical rehabilitation after injury? If this is a lifestyle need, is there a need for companionship? House and yard maintenance? Grocery shopping?

You need to be absolutely clear about what need you're addressing and whose need it is. For example, if you are selling pet food, are you satisfying the pet's needs or the pet owner's need to feed his or her pet?

2. Is this opportunity reflective of a "niche," or relatively small, market or of a large market? How large is the market? How many elderly people are in need of the service you've decided to offer? You need to know as closely as possible how many possible clients you would have.
3. Where is your market located? Are there large numbers of your potential clients near you? Do you need to be physically located near your market or can the service be operated over a distance?
4. Who is your competition? How many competitors are out there? What will you offer that they do not? Is there room for one more competitor or will you have to take market share from another competitor? If so, how will you do that?
5. What price will the market bear? What do competitors charge? Can you make a profit if you charge the same as your competitors?
6. What conditions exist that allow this opportunity to exist? Describe the "Window of Opportunity."

Window of Opportunity

Opportunities do not exist equally for everyone, nor are they constant through time and space. That is, what is an opportunity for you where you are may not be one for someone else where they are. And an opportunity today may not be one next year. Consider these points one at a time:

For whom does this opportunity exist? In our home care example, if you have experience in health care with the elderly, the window of opportunity is wider for you than for someone who knows nothing of either aspects. If you enjoy working with the elderly, the window opens wider for you than for someone who is doing this only for the money. If you live near your target market, the window is wider still (assuming you need to be near the market). If you have, or can get, the necessary resources to generate a business to meet this opportunity, the window is open for you. If not, the window is closed to you, but possibly open to someone else.

How long will the opportunity exist? Often opportunities evaporate over time. For example, the growing trend of selling directly to consumers online is closing the window of opportunity to serve the needs of consumers through in-person retailing. In the home care example, is there a possibility that the government may step in and run this service itself? Is there a trend toward families of the elderly taking care of their own? Might a large facility open up in your community that would compete with your business? Could a large competitor simply undercut your prices and put you out of business after a short while?

7. Does this opportunity require resources that are beyond your reach? For example, there may well be a need for a 100-seat jetliner, but few entrepreneurs would be able to muster the resources to address that need.
8. Does this opportunity hold great interest for you? Can you see yourself passionately involved in pursuing it? If you're only in it for the money, you may well lose interest before you make any money.
9. What is the "opportunity cost"? If you take this opportunity, you'll have to give up any other opportunity that might also interest you. Are you prepared to do that?
10. Have you conducted a full-scale search to find out everything you can about this potential opportunity? You must be familiar with the history of this problem/need/want/ challenge as well as with current developments.
11. Are there any legal ramifications related to this opportunity? Is any necessary legislation in place, or do new laws have to be passed? Could pursuing the opportunity put you at risk of breaking the law in any way? For example, unless you are qualified to do so, it may not be legal for you to administer drugs to the elderly.
12. After you've answered all of the above questions and issues, what is your gut feeling about this opportunity? Does it feel right to you, or does it leave you feeling vaguely uneasy? If you can't decide any other way, go with your gut feeling, as it may well be the right one.

Guide to Generating and Evaluating Ideas

Nothing is more lonely than one great idea. And no venture is more challenging than one in which you have a solution in search of a problem. It's critical that you generate as many ideas as possible to address the opportunity you've identified, then use the evaluation techniques provided below to narrow your ideas down to the very best one.

Evaluating Ideas

Once you're satisfied that you have a good potential idea that will address your opportunity, you need to evaluate it thoroughly to ensure that it is realistic, doable, and the right idea for you. If you answer all the questions below that apply to your idea, you'll be better able to make a decision about basing a new venture on it.

1. What do others think of your idea? If it's a product, have you shown the idea to a product designer for evaluation? What did he or she tell you about the product's chances for success? If it's a service, do people tell you it sounds feasible or not?
2. Is the idea directly related to the opportunity? Explain how the idea will specifically address the opportunity.

3. Has the idea been tried before? If not, do you know why it hasn't? If it has, do you know if it succeeded or failed and the reasons? If it has been tried before and failed, how will you improve it to ensure it doesn't fail this time?
4. Did you base this idea on accurate, reliable, information? For example, did you read just one online article and then decide on the idea, or did you do a thorough review?
5. What risks are associated with this idea? Do you know how to reduce and manage these risks? Are you prepared to assume the necessary risks?
6. Will there be resistance to this idea? (There almost always is.) Where will this resistance come from, and why? Will you be able to overcome this resistance?
7. Do you know how much it will cost to turn your idea into an actual business? Can you access the resources—money and people—that you will need to make this idea work?
8. How do you feel about the idea? Are you excited? Worried? Skeptical? You'll need to be really excited and confident if you're going to make a success of it.