

1. Business Opportunity Identification

Business Opportunity Identification

How do you identify the right business opportunity?

Business opportunity is a favorable situation for doing business. It is important for an entrepreneur to recognize and exploit those opportunities. There are various approaches to identify right business opportunities, some of them are as follows:

How to select the right opportunity?

- Identify your business and personal goal
- Research your favorite industry
- Identify promising industry segment
- Identify problem areas and brainstorm solutions
- Compare possible solutions with your objectives and opportunities in the market place
- Focus on the most promising opportunities

Example: - **Udemy** online learning platform for students and working professionals. Gagam Biyani started reading blogs like tech crunch and got sucked into the startup culture.



Source: <https://productmint.com/the-udemy-business-model-how-does-udemy-make-money/> Retrieved on 17/12/20 at 17:15

Gagan Biyani, Eren Bali and Caglar founder of Udemy found a promising opportunity in changing dimensions of education sector. This platform enables anyone to create courses online. They differentiated the online learning experiences by giving access to the students to interact amongst each other and their instructors. Students have a flexibility to learn on their own free time.

Source: https://yourstory.com/2010/08/gagan-biyani-founder-udemy?utm_pageloadtype=scroll Retrieved on 17/12/20 at 17:09

The best way is:

- Go where the problems are/ identify the problems

Any business opportunity that comes to your way just look at the problem that have created those opportunities. Figure out if you can solve those problems.

Example: - **Paper boat** could understand that there are many players who offer variety of drinks/ juices to the consumers. So, the basic problem here is not the availability of juices rather it is something else. They came to know that people miss their childhood, they wish to connect with those memories again. They wish to live with those memories. It was the moment when they thought to offer not only a drink to the people rather a moment to connect with their childhood memories.



Source: <http://www.paperboatdrinks.com/fb-albums> Retrieved on 17/12/20 at 17:35

- Go to the people
- Live with them
- Listen to them

Example: - **In motion** is a Lucknow, UP based startup founded by Durgesh Nandan and Saurabh Jaiswal. These two entrepreneurs initially thought to help auto

rikshaw drivers by starting auto rikshaw hiring service. They decided to stay with them to understand their problems. During their conversation with them they realized that the problem is related to the financial eco system not hiring facility. They started a business to build a financial eco system for daily wage-earning communities specially auto rikshaw drivers. They created a technology-based platform to solve their financial, healthcare and educational problems through Bachat Mitra kiosk across Delhi.

- Learn from them
- What are the existing solutions?
- Study the competitors
- Review the ideas which are getting huge funding
- Check out ideas from successful entrepreneurs
- Look at your own problems
- Look at existing businesses and try removing a step from the process (Online payment system e.g., Paytm)
- Be quick (windows of opportunities)

Be quick but never rush as it can leads to big mistakes and poor work.

Source: - www.startupcommons.org Retrieved on 17/12/20 at 17:40

<http://ryanluedcke.com> Retrieved on 17/12/20 at 17:40

While staying with your customer try to understand

Customer	What is your offer
Job	Products and services
Pain	pain relievers
Gain	Gain creators

The entrepreneurs select their products or projects based on:

- Their own experience in that business line
- Government's promotional schemes
- Availability of inputs
- Diversification plan of ongoing business or
- Products reserved for Small scale industries etc.

How to evaluate an idea to identify viability of Entrepreneurial opportunities:

Timmons et.al (1987) in a study observed four anchors of superior opportunities:

- Viable idea creates significant value to the end user
- It solves a significant problem and meet the unmet need or wants of the customers
- This idea has a strong market and potential to make money
- It is a good fit with the founders and management team of the organization, and in the marketplace, and with the risk and reward balance.

Opportunity identification/recognition process:

1. **Preparation:** Preparation is the first stage where entrepreneurs brings past experiences to the opportunity recognition process. As per literature 50 to 90 percent of start-up ideas emerge from a person's previous work experience. (Bygrave,1997 and Vesper,1980)
2. **Incubation:** At this various idea might emerge. In this process an entrepreneur is contemplating an idea or a problem. Entrepreneurs consider various options and possibilities through unconventional style. They rely on their intuition for finding ways to the solutions.

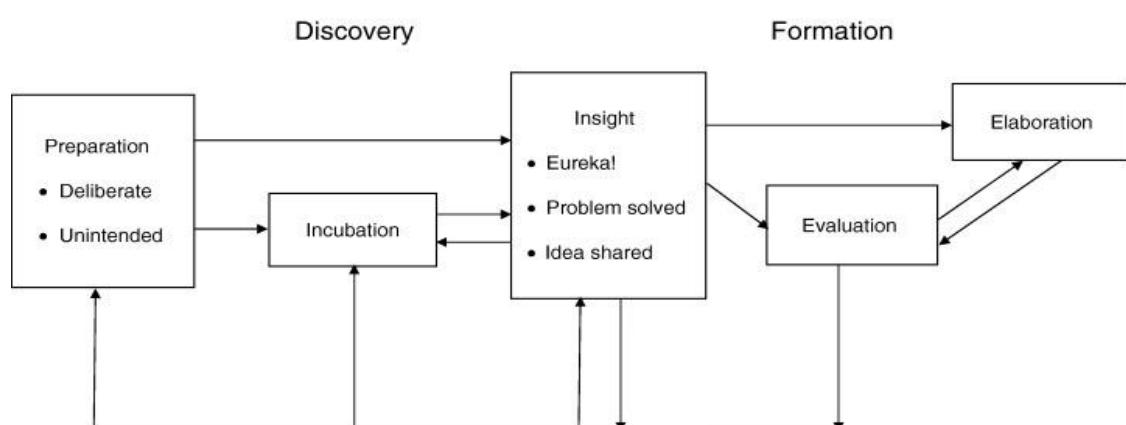
3. **Insight:** Insight refers to the “eureka” moment. At this point the answer or the solution strikes suddenly or spontaneously. The problem is solved at this stage or the idea becomes available.

In this process three different types of insights may occur:

- Experience of spontaneous identification of business opportunity. Prior research suggests that entrepreneurs often have the experience of being immediately confident that an idea will work (Hills, 1995).
- An occasion when a person gets the idea to solve the problem.
- A moment when an idea becomes available to you via your social network. Entrepreneurs with a wider network of social contacts will identify more ideas and recognize more opportunities than entrepreneurs with fewer contacts (Singh, 1998).

4. **Evaluation:** In this process feasibility analysis is conducted to evaluate the viability of the idea. Insights are assessed for the viability of the concept.
5. **Elaboration:** Assuming that a business idea is viable, entrepreneur start working on detailing of those ideas. They can begin business planning and venture creation process. Various plans and programs can be decided to execute the business idea.

Figure 1. Opportunity identification process



*Based on Lumpkin, Hills, & Shrader, 2004; Hills, Shrader, & Lumpkin, 1999.

Basic approach to identify the need:

The first step is to conduct **customer analysis**. **Consumer survey can be conducted to know the followings:**

- Your potential customer
- Customer's need and want
- Time/ frequency to buy the product
- Willingness to pay the price

The second step is to conduct **competitor analysis and SWOT analysis**. In order to understand white space and point of difference this is a must for entrepreneurs. That will help in understanding the points where one can differentiate from existing players in the market.

SWOT analysis can be used to identify and assess internal factors (our own strengths and weaknesses) and external factors (opportunities and threats) which are present in the environment.

For example, **Chai point, a startup was founded by Amuleek Singh a business graduate from Harvard University**

There is no one out thinking about chai and customers would love it so there would be acceptance. Tea is an important beverage of Indians but no one could think of lack of clean and authentic place to have tea/chai. Amuleek Singh saw this an opportunity and started chai point.

Source: <https://www.businessalligators.com> Retrieved on 18/12/2020 at 14:58

Another example could be **second shadi.com and IITIIM shadi.com** who clearly differentiated themselves from the existing co. **shadi.com** by offering different services to the customers.

Source: <https://www.iitiimshaadi.com> retrieved on 18/12/20 at 17:02

Source: <https://www.secondshaadi.com> retrieved on 18/12/20 at 17:04

Next step is to conduct **Industry analysis** to understand attractiveness of that particular industry and intensity of competition within the industry. Five forces model can be used to analyze a particular industry.

In addition, we need to look at broad guidelines and regulations that affect the industry.

Once we analyze and understand these factors, it will provide an opportunity to tailor service or product to that market place.

Successful business are built on deep customer insight about unsolved problems of your prospective customers so focus on your customer, get that insight, figure out problem and solve it. The chances of your success will multiply.

Source: *How to identify a business opportunity? Sanjeev Bikhchandani, TEDx SRCC*

Do's and Don'ts

- Don't jump to the solution
- Challenge your assumption
- Big no to shorten Business model
- Validate secondary data with your primary data
- No idea is a bad idea
- No business is bad business
- Big no to solution to problem approach

Why Businesses fail:

- Lack of prior experience
- Lack of a team (can't do it alone)
- Lack of finances
- Product can fail in the market if they do not reach the customers
- Distraction from the core objective (They should be focused and up to date about policies etc.)

Example: - Doodhwala, a startup founded in 2015 by Akash Agarwal and Ebrahim Akbari could not succeed. They could not follow their dream due to lack of clear vision and perseverance.

Best opportunities are all around us, learn to recognize them

Naukri.com

Mr. Sanjeev Bikhchandani, CEO and Founder of Naukri.com, a job portal as well as the co-founder of Ashoka University

The big break

The idea to launch a job portal came to him sitting in his office. He used to work in a company as a brand manager. There were 8-10 brand managers who used to sit in a hall. It was an open hall so they could see what others are doing and hear what others are saying on phone. He used to observe that every time an office copy of Business India magazine came and circulated, everybody usually read business magazine back to front because the job ads appeared on the last pages and contains 30-40 pages appointment information for managers. He came to a conclusion that:

- 1. Insight Jobs are very high interest category of information**
- 2. Most jobs are not advertise**

There are lakhs of jobs out there in a fragmented manner. If somebody build a database and make it accessible to public, magic will happen. He thought that if he could collect job ads on to one accessible platform, then he might be able to attract customers. In April 1997 he launched Naukri.com with 1,000ads taken out of various magazines.

Source: *How to identify a business opportunity? Sanjeev Bikhchandani, TEDx SRCC*

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