Opportunity Assessment and the Entrepreneurial Process

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Opportunity Assessment Plan

A. An opportunity assessment plan is NOT a business plan. Compared to a business plan, it should:
   1. Be shorter
   2. Focus on the opportunity, not the venture
   3. Have no computer-based spreadsheet
   4. Be the basis to make the decision on whether to act on an opportunity or wait until another, better opportunity comes along

B. It should include:
   1. A description of the product or service
      a. What is the market need for the product or service?
      b. What are the specific aspects of the product or service (include any copyright, patent or trademark information)?
      c. What competitive products are available filling this need?
      d. What are the competitive companies in this product market space? Describe their competitive behavior.
Opportunity Assessment Plan (cont)

e. What are the strengths and weaknesses of each of your competitors?
f. What are the unique selling propositions of this product or service?
g. What are the NAIC and SIC codes for this product or service?
h. What is the mission of the new venture?
i. What development work has been completed to date?
j. What patents might be available to fulfill this need?

2. An assessment of the opportunity:
   a. What market need does it fill?
   b. What is the size and past trends of this market?
   c. What is the future growth and characteristics of this market?
   d. What social condition underlines this market need?
Opportunity Assessment Plan  

_e._ What market research data can be marshaled to describe this market need?

_f._ What does the international market look like?

_g._ What does international competition look like?

_h._ What are total industry sales over the past five years?

_i._ What is anticipated growth in this industry?

_j._ How many new firms have entered this industry in the past three years?

_k._ What new products have been recently introduced in this industry?

_l._ What is the profile of your customers?

_m._ Where is the money to be made in this activity? (The activity that interests you most may be just off center from where the money to be made from this opportunity will be located.)
Opportunity Assessment Plan (cont.)

3. Entrepreneurial self-assessment and the entrepreneurial team:
   a. Why does this opportunity excite you?
   b. What are your reasons for going into business?
   c. Why will this opportunity sustain you once the initial excitement subsides?
   d. How does it fit into your background and experience?
   e. What experience do you have and/or will you need to successfully implement the business plan?
   f. Why will you be successful in this venture?
4. What needs to be done to translate this opportunity into a viable venture?
   a. Examine each critical step.
   b. Then think about the sequence of activity and put these critical steps into some expected sequential order.
   c. How much time and how much money will each step require?
   d. If you cannot self-finance, where would you get the needed capital?
Characteristics of an Entrepreneur

1. An entrepreneur is most commonly the _____ child in the family.
   a. oldest             c. youngest
   b. middle             d. doesn’t matter

2. An entrepreneur is most commonly:
   a. married           c. widowed
   b. single            d. divorced

3. An entrepreneur is most typically a:
   a. man
   b. woman
   c. either
Characteristics of an Entrepreneur (cont.)

4. An individual usually begins his or her first significant entrepreneurial business enterprise at what age?
   - a. teens
   - b. twenties
   - c. thirties
   - d. forties
   - e. fifties

5. Usually, an individual’s entrepreneurship tendency first appears evident in his or her:
   - a. teens
   - b. twenties
   - c. thirties
   - d. forties
   - e. fifties

6. An entrepreneur’s primary motivation for starting a business is:
   - a. to make money
   - b. to be independent
   - c. to be famous
   - d. to create job security
   - e. to be powerful
Characteristics of an Entrepreneur (cont.)

7. To be successful in an entrepreneurial venture, you need:
   a. money  
   b. luck  
   c. hard work  
   d. a good idea  
   e. all of the above

8. Entrepreneurs and venture capitalists:
   a. get along well  
   b. are the best friends  
   c. are cordial friends  
   d. are in conflict

9. Entrepreneurs are best as:
   a. managers  
   b. venture capitalists  
   c. planners  
   d. doers
Characteristics of an Entrepreneur (cont.)

10. Entrepreneurs are:
   a. high-risk takers (big gamblers)
   b. moderate-risk takers (realistic gamblers)
   c. small-risk takers (take few chances)
   d. doesn’t matter

11. Entrepreneurs:
   a. are the life of the party
   b. are bores at a cocktail party
   c. will never to go parties
   d. just fit into the crowd at a party

12. Entrepreneurs tend to “fall in love” with:
   a. new ideas
   b. new employees
   c. new manufacturing ideas
   d. new financial plans
   e. all of the above
Environmental Factors Affecting Organizations in This Millennium

- Hypercompetition
- Rapidly changing technology
- Shorter product life cycles
  - a. Need new products
  - b. Need a sound new product launch system
- New market opportunities
- Different employee drives and motives
- Focus on obtaining sales and profits
- Sizeable amount of investment money available
Definitions

Entrepreneurship

• Entrepreneurship is the process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic, and social risks, and receiving the resulting rewards of monetary and personal satisfaction and independence.
• If you ain’t the lead dog, the scenery never changes.

Intrapreneurship

• Entrepreneurship in an existing organization.
• It is easier to beg forgiveness than to ask for permission.
Market-Oriented vs. Controlled Economies

### United States

**Overall Market Conditions**
- Large market
- Easy to form company partnership or proprietorship
- Positive tax structure for individual and company
- Positively covered by media
- Systematized code of business law
- Government agencies strong and no corruption—SEC

**Oriented Toward Innovation And Innovative Activity**
- Long-term thinking
- Going concern concept

**Investment Community**
- Banks
- Venture capitalists
- Informal private investors—angels

### Cuba

**Entrepreneurship Culture Strongest In World**
Principles for Successful Launch of a New Venture

• Clearly defined market
• For durable and industrial products, payback for customers less than 18 months
• Market growth rate between 30 and 50 percent
• Technology unique and protected (if possible) by patent
• Product offers some product variants
• No strong competition
Principles for Successful Launch of a New Venture (cont.)

• Company able to obtain good market position and market share
• Gross margin should be between 30 and 50 percent
• Financing needed can be staged
• Appropriate initial investment return
• R.O.I. goal of 25 to 30 percent
• Strong management with skills in industry
Decisions for a Potential Entrepreneur

**Change from Present Lifestyle**
- Work Environment
- Disruption

**Form New Enterprise**

**Desirable**
1. Cultural
2. Subcultural
3. Family
4. Teacher
5. Peers

**Possible**
1. Government
2. Background
3. Role Models
Aspects of the Entrepreneurial Process

**Identify and Evaluate the Opportunity**
- Creation and length of opportunity
- Real and perceived value of opportunity
- Risk and returns of opportunity
- Opportunity versus personal skills and goals
- Competitive environment

**Develop Business Plan**
- Title Page
- Table of Contents
- Executive Summary
  1. Description of Business
  2. Description of Industry
  3. Marketing Plan
  4. Financial Plan
  5. Production Plan
  6. Organization Plan
  7. Operational Plan
  8. Summary
- Appendices (Exhibits)

**Resources Required**
- Existing resources of entrepreneur
- Resource gaps and available supplies
- Access to needed resources

**Manage the Enterprise**
- Management style
- Understand key variables for success
- Identify problems and potential problems
- Implement control systems
- Develop growth strategy