

# Entrepreneurship



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Topic: Lecturer: Presentation: Entrepreneurial Opportunity Starting a business is not an easy process and requires careful consideration and evaluation. Discovering opportunities is the starting point of the entrepreneurial process and involves identifying a business a business idea and evaluating its feasibility. An opportunity can arise from the knowledge possessed by individuals or changes in the external world such as technology, demographic and social changes, and regulations by government. It can be exploited through creation of new product, opening new market, using new resources, new production processes or new ways of organising. Whatever the source, the opportunity should be able to generate profit.

The business idea in this case came up due to an unmet need in the market. The entrepreneur after visiting several restaurants trying out different Indian cuisines was disappointed as he could not get really good fresh spices. After careful research, he discovered that there was lack of reliable source of good quality spices at an affordable cost and this presented an opportunity for a business venture. The idea could be exploited through development of a new product (high quality freshly ground spices). An entrepreneur has to consider the target market and aim at fulfilling unmet needs (Shane, 2003). As such this was a good idea as the market was untapped and many customers (restaurants) were in need of fresh good quality spices. Another aspect is that the idea should not be easy to imitate hence creating barriers for new entrants (Butler, 2004). This product was to be made using a new production process and storage system and this was made possible by use of a well qualified engineer who could make such spices. The entrepreneur was well connected with people who knew buyers of spices and hence no problems

with distributing the product (Greene, 2011). The idea was also feasible due to the fact that it does not require heavy investment as the production process is very simple. It involves use of freshly ground spices but which would not lose taste due to storage. Other producers were unable to store spices due to loss of taste hence could not fulfil the needs of the customers (Hougaard, 2005). Another advantage was that, since the idea was new there was no dominant design established. This could have hindered the entry of the new venture.

#### Case Study-Honest Tea

Honest Tea was established in 1998 and the entrepreneurial opportunity arose when one of the founders discovered an unmet need in the beverage industry. After consuming beverages on a hot day, his thirst was not quenched thus he saw the need to develop a new product. From research, he discovered there were other customers who were in need of a beverage which was healthy; few calories and low sugar. The key drivers of competitive advantage included: use of new production techniques not easy to copy hence the only beverage category in the market; the brand image was unique; well qualified management team, and production capability. The use of culturally authentic packaging made the product appealing to customers hence competitive advantage. The founding team which included the generator of the idea (Seth) and his professor were qualified and well connected and visionary hence able to make the business grow and obtain capital to run the business. Seth had experience in marketing and sales and his associate was a professor who taught competitive strategy. Their vast experience was crucial for the business (Greene, 2011). The management team was also very experienced and qualified. The operations were carried

out in one facility which could handle a high capacity and able to rent time to other companies. The production process was a private affair; it remained with the company to avoid imitation and was carried out by a qualified individual. The product was then shipped to other parts from the facility.

### Heather Evans

Heather Evans was an idea developed by a student in a business school. The opportunity arose from changing social and demographic trends. During her work at an investment bank, she shopped for clothes to wear at the job but could not find any that met her needs. She spoke to other women and realised they had the same need thus an opportunity for a new venture presented itself. The venture was exploited by development of a new product; a dress worn with a softly tailored jacket. The venture had a competitive edge in that it coincided with the second stage of demographic trend when more women joined better paid positions in jobs. The market was also mature hence introduction of a new product was inevitable, the established firms could not meet the new demands and were unlikely to adopt the new changes as they had royal customers and established style of garments. Another competitive advantage is the product positioning in the market as it targeted upper end of subsegment of working women's clothing market which had rapid growth. The management team involved very qualified. The designer was experienced to handle the creative and technical aspects but was not employed full time due to financial constraints. Evans was qualified to handle financial and marketing and management aspects of the business as she had a lot of knowledge from the business school and work experience. The only problem being experienced by the company was how to finance the business.

## References

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