Individual assignment integrative

Business, Entrepreneurship

I order to capitalize on an opportunity the window of opportunity must be open, which refers to a period of time during which it is ealistically possible to enter a certain market. There are three approaches that can be used to identify opportunities: observing trends, solving a problem, finding gaps in the marketplace. When observing trends it is essential to be able to distinguish between trends and fads. A venture is particularly successful when it benefits from several trends converging. Such trends are economic forces, social forces, technological advances and political and regulatory changes.

The second approach to identifying opportunities is to solve problems. Many people have experienced problems in their wn lives and turned the solution into a business opportunity. Finding gaps in the marketplace are the third source of business ideas. Often products are not available to consumers in a particular location or aren't available at all. Chapter 2 of the textbook " Entrepreneurship - successfully launching new ventures" also outlines the personal characteristics that tend to make some people more successful at recognizing opportunities. Prior experience in an industry helps entrepreneurs tremendously.

By working in an industry an individual may spot a market niche that is underserved. Once an entrepreneur starts a firm, new venture opportunities become apparent. This is the so-called corridor principle, which states that once a venture is started new corridors that lead to new ideas become apparent. Additionally, most entrepreneurs possess cognitive factors also called entrepreneurial alertness, which is defined as the ability to notice things without engaging in deliberate search. Social networks also affect opportunity recognition. The extent and depth of an individual's social network is of high importance.

Network entrepreneurs tend to be more successful than solo entrepreneurs. What is more, eak-tie relationships, characterized by infrequent interaction between casual acquaintances, are more likely to result to lead to new business ideas than strong-tie relationships. Furthermore creativity plays a role in generating a novel or useful idea In theinterviewwith Mike Ramsay, the Cofounder of TiVo, he talks about how he came up with the idea of the digital video recorder. Many of the recommendations from our textbook can be directly related to the process Mike Ramsay went through before finding his final business model.

First of all Ramsay possesses the previously mentioned characteristics that an ntrepreneur needs in order to be successful. He has prior experience in the industry, as he had been working for differenttechnologycompanies before starting his own venture. Not only did he work for HP a very well established technology company, but also for a startup company called Convergent Technologies. During these years he developed a network of weak-tie relationships with talented qualified people in the technology industry. " We never worked very closely together, but we always kept in touch socially' (p. 93). Their type of relationship if further underlined y the statement: " It would be kind of fun to work together on some ideas, because we come at it from different angles. Maybe we'll come up with something. " (p. 193) According to research in this area it is more likely that an entrepreneur will get a new business idea from a weak-tie relationship.

Furthermore, the founding of TiVo is great example for the corridor principle. The original idea on which the company was founded was not a DVR but a home server network that brought computing technology into home entertainment.

However while looking into the technology a new opportunity came apparent. Look, you can't do everything, so let's design a simple server based on very low-cost technology. Let's decide on one app that we think is the killer app to run on it, and let's do that. If that's successful, then we'll branch out. Forget the network thing and forget the massive amounts of storage and high cost and hardware models and all that" (p. 194) Generally you could say that Mike Ramsay was able to analyze and understand technological advances better than most people, as he was part of an innovative community. We were definitely at the center of the universe, and that was fun. You felt like whatever you did, you had the best opportunity and you could go to the best places and work with the brightest people. They had energy and enthusiasm and they couldn't fail. There was nothing that was impossible" (p. 192) The microcomputer revolution was a trend of his time that created his opportunity. " It was very early on. There were no PCs. The microprocessor idea had Just gotten going, and they were 4-bit microprocessors" that was state of the art.

Designs were all basically custom hardware designs, so it was very different. I was involved in chip design at that point. That felt like rocketscience. That was the leading edge, and therefore it was the most exciting thing to work on. " (p. 192) Stephen Kaufer, cofounder of TripAdvisor, explains in his interview how he came up with the idea of collecting information for travelers and how he developed his identifying a problem and by solving it, creating a business opportunity. " The idea came when my wife, Caroline, and I were trying to find a vacation for ourselves.

We started with a travel agent, who recommended an island and some resort. This was '98 or '99, and I thought I'd use the Internet to find out more. I found a whole lot of websites that would help me book a reservation at this hotel, but nothing that would tell me whether the hotel was any good or not for what I was looking for. " (p. 361) Just like in the case of Mike Ramsays startup, Stephen Kaufer's initial business idea was different from what the company turned out to be in the end. " When we started TripAdvisor, the notion was TripAdvisor. om was actually Just going to be our demo site, because we never planned to appeal directly to end users. We were going to be selling this rich database to travel portals, online travel sites. They would be querying ur database to find the best information and surfacing it to their users, and there would be a little , Powered by TripAdvisor. ' " (p. 364) Again this can be related to the corridor principle as described in the text book. Stephen Kaufer had no experience in the traveling industry or creating a search engine. However he could contribute his knowledge about starting up a company. Because I had started a few companies before... " (p. 362) Furthermore although he came up with the basic idea by himself he can be considered a network entrepreneur, as he assembled a team of founders to start his company. ... and started to assemble friends that I had worked with before who might be interested in starting an Internet company to build the best travel search engine out there... " (p. 362) What I found particularly interesting about these interviews is that in both cases the original business idea was very different from the business the startup ended up turning into.

It is very surprising to me that they were able to get funding without a clear revenue stream and business model. Even though they had gotten funding for something else they changed their idea and business model to adjust to the newly ound insights. Both entrepreneurs, Mike Ramsay and Stephen Kaufers, showed great flexibility and the ability to evolve from the original idea to a functioning business model. Kaufer even points this out in his interview: mfou can't get too attached to your vision in a startup, because things may change.

It's not a sign offailureto change your vision" (p. 372) Creating a new venture team poses a challenge to every startup. The entrepreneurs who launch and start the venture have an important role to play in shaping the firm's business concept. The way a new venture is build sends an important message to nvestors. Some founders like the feeling of control and are reluctant to involve themselves with partners or hire manager who are more experienced than they are. (Rich vs King) New ventures have a high propensity to fail, which is partly due to the liability of new roles.

The size of the founding team and the quality of the founders are the two most important issues in this matter. Teams have an advantage over sole entrepreneurs and bring more talent, resources, ideas and professional contacts to a new venture. However work habits, tolerances for risk, levels of passion for the usiness, ideas on how the business should be run can greatly differ among partners. Ideally the founding team is heterogeneous rather than homogeneous, meaning that their area of expertise and their abilities are diverse rather than similar or overlapping.

Different points of view about technology, hiring decisions, competitive tactics and other important activities generates debate and constructive conflict, reducing the likelihood of making a decision without airing alternative points of view. Founding teams larger than 4 people is typically too large and therefore ausingcommunicationproblems. Three common pitfalls include team members not getting along, a lack of hierarchy or the same area of expertise of the founders.

Three important qualities founders should have are prior entrepreneurial experience, relevant industry experience and a network. It is essential that every team member makes a valuable contribution to the team. Kaufer and Ramsay both talk about their founding team and the hiring process they went trough with their startup. Kaufer, as an engineer, recognized that he needed a cofounder with a business background. ?? I was introduced by a friend to another cofounder, Langley Steinert, on the business, marketing, business development, financing side of things.

So the two of us kind of took up the project as, (...) Langley had the business development experience and connections to sell and market it. Because I had started a few companies before, I knew it was important to have the right combination of skills and interests amongst the founders. We assembled four initial founders of the company and got our first round of funding in February of 2000. " (p. 362) He also tates that this aspect is important from an investor's perspective: " We never would have succeeded without Langley on the team.