April 20 - 24, 2020

SUPPLEMENTARY LESSON

TOPIC: IDENTIFICATION OF BUSINESS OPPORTUNITIES
THREE MAJOR TYPES OF BUSINESS OPPORTUNITY

1. Recognized Opportunity – this type of opportunity requires proper reasoning to get new ideas. This consists of accidental recognition of an opportunity for a business solution to a challenge and realization of idea or ideas from others like colleagues and associates. This type of opportunity has something to do with the exploitation of the existing markets where both sources of supply and demand that exist recognized together.
2. Discovered Opportunity – in this type of opportunity the only the demand exists and the supply does not or vice versa. This type of opportunity has something to do with the exploration of existing and latent markets. For discovered opportunity to occur, a purposeful research is necessary.
3. Created/Enacted Opportunity – this type of opportunity is based on the principle of enactment where the entrepreneur creates new means and new ends by using effectual reasoning. In this type of opportunity, the supply and demand will not apparently exist: one or both of them have to be created. This demands that the several economic inventions like marketing, financing and others have to be created for the opportunity to exist.

FIVE STAGES FOR OPPORTUNITY IDENTIFICATION PROCESS

1. Preparation stage – both knowledge and experience are exercise just before the opportunity discovery process. These knowledge and experience are not often deliberately acquired. However, preparation itself is usually deliberate attempt to widen capability in an area and become sensitive to concerns in a field of interest. In an organized situation, the background of the business, the products or services or the technological knowledge must have majorly informed the main ideas of the successful venture. However, rule out of role of new ideas and expertise originating from the individuals in the organization that eventually in a result of new business
2. Incubation stage – is the part of the opportunity identification process that involves the consideration of a concept of concept or a specific problem ordinarily not subjected to conscious of formal analysis by a businessman or his team. It is usually not consciously done and therefore more often than not, an instinctive and unempirical approach for consideration of several potential alternatives.
3. Insight stage – occurs at the moment of fundamental solution suddenly becomes recognized unexpectedly. It is a particular moment that keeps occurring persistently right through the process of opportunity identification. Insights have been found to be extensive channels to discovery of startup businesses and sometimes reveal additional knowledge for the development of a current process of discovery. In respect of business venture, insight predictably compasses the abrupt recognition of an opportunity in business, the answer to an adequately pondered crisis and the possession of a concept from social networks and associates.
4. Evaluation stage – is about investigating if the recognized and developed ideas are feasible, the businessman has the required abilities to realize the ideas and if the idea is sufficiently innovative for prospects. It sometimes involves full feasibility analysis of the ideas through all forms of research instrument and criticism from relevant business acquaintances. It is fundamental to also investigate the prospects and viability of the new insight ideas as the spirit of the entrepreneurship is to make satisfactory and sensible profits.
5. Elaboration stage – this stage exposes the opportunity/ideas too external analysis with the tedious and time-consuming options selection, choice decisions and organization of resources. It is customarily in search of all legalities that could build confidence and guarantee the practicability of the business. Elaboration also reduces uncertainties by providing the detailed planning activities after the evaluation viability confirmation. This eventually reveals the concept areas that still need further analysis and attention.

FOUR WAYS TO IDENTIFY BUSINESS OPPORTUNITES

1. Listen to your potential clients and past leads – when targeting potential customer listen to their needs, wants, challenges and frustrations with your industry.
   - Have they used similar products and services before?
   - What did they like and dislike?
   - Why did they come to you?
   - What are their objections to your products and services?

   This will help you to find opportunities to develop more tailored products and services, hone your target and overcome common objections
2. Listen to your customer – when you're talking to your customer listen to what they are saying about your industry, products and services.
   - What are their frequently asked questions?
   - Experiences?
   - Frustrations?
   - Feedback and complaints?

   This valuable customer information will help you to identify key business opportunities to expand and develop your current products and services.
3. Shop your competitors – do a little competitive analysis but don't let it lead to competitive paralysis though.
   - To see what other startups are doing, and more importantly, not doing?
   - Where are they falling down?
   - What are they doing right?
   - What makes customer go to them over?

   Analyzing your competitors will help you to identify key business opportunities to expand your market reach and develop your products and services.
4. Look at industry trends and insights – subscribe to industry publications, join relevant associations, set Google alerts for key industry terms and news and follow other industry experts on social media. Absorb yourself in your industry and continually educate yourself on the latest techniques and trends.

CHARACTERISTICS OF A GOOD BUSINESS OPPORTUNITY

1. Low capital requirement – a good business opportunity should be cheap to finance. Access to capital is a major impediment to entrepreneurship implying that entrepreneurs should focus on the ideas that are cheap to finance. Entrepreneurs exploit financing methods such as loans, venture capitalists and contributions from friends and family among others. Capital suppliers are reluctant to finance new business with huge capital requirements.
2. Passionate – a good business opportunity is one that align with the individual's passion. The founder's motivation is a key determinant of a success of a start – up. A passionate founder has an internal motivation towards building a bright future for the business. As a result, such a leader creates a clear vision and mission statements and uses them to motivate stakeholders towards organizational goals.
3. Growth – growing a business is one of the principal goals of an entrepreneur. It is therefore paramount to ensure the scalability of an opportunity before committing resources. A good business opportunity's growth regarding profitability, revenue, size, and other yardstick of evaluating growth are verifiable.
4. Reflect environmental realities - a business opportunity should be relevant to the prevailing environment. The business environment is dynamic, and entrepreneurs should understand how changes in the environment affect customer needs and business operations. An entrepreneur should have a deep understanding of the environmental trends to ascertain the opportunity's long term viability.

REFERENCES:

https://www.blueoceanoutsource.com
https://www.smartcompany.com
https://www.mpdi.com
https://www.businessgarden.com
https://www.googlesir.com

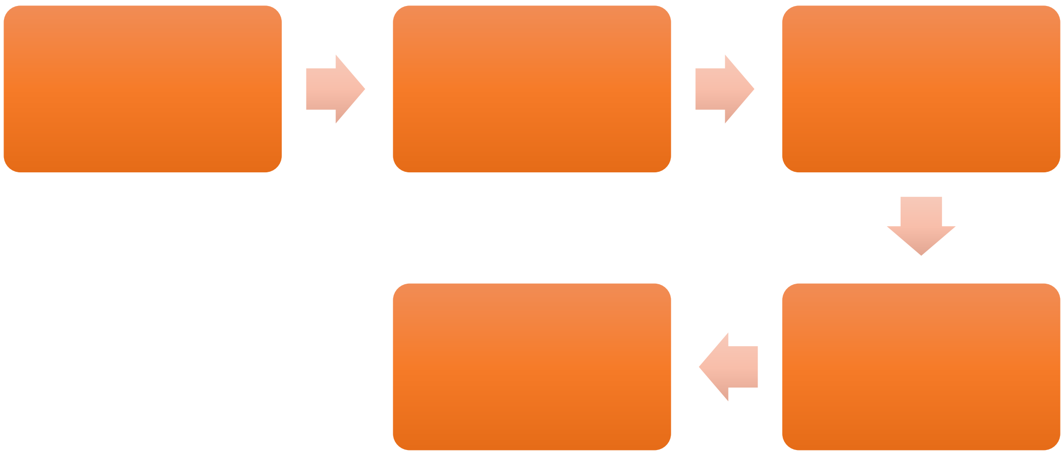
LA IMMACULADA CONCEPCION SCHOOL

SENIOR HIGH SCHOOL

GRADE 12 – ABM: APPLIED ECONOMICS

ACTIVITY: Answer in one whole sheet of paper.

Directions: Create your own business opportunity process identification based on the given business opportunity identification process on this hand – out. Provide explanation to each process. Use the illustration below.



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