

Unit 27: Identifying Entrepreneurial Opportunities

Unit code	Y/508/0540
Unit level	5
Credit value	15

Introduction

The role of the entrepreneur is to weigh up opportunities, threats and personal capacity to translate an opportunity into a business idea. This unit provides students with an understanding of where new venture ideas come from and gives them the opportunity to investigate and evaluate a new venture idea.

Students will explore concepts of innovation and creativity and develop creative abilities. They will learn about and use methods and frameworks to help develop and assess venture ideas, including defining product/service benefits, identifying target customers and understanding the industry and competitors from the perspective of a new entrant. They will learn about market research and apply primary and secondary research techniques to investigate a personal entrepreneurial idea and make an assessment of whether it is likely to be a commercially viable business or social enterprise proposition.

Learning Outcomes

By the end of this unit a student will be able to:

- 1 Evaluate possible sources for a new and innovative business idea.
- 2 Explain the choice of a specific entrepreneurial idea for investigation and the market gap that it addresses.
- 3 Use primary and secondary data to identify market potential.
- 4 Evaluate the entrepreneurial idea in the context of the market and competitors and make an assessment of potential viability.

Essential Content

LO1 **Evaluate possible sources for a new and innovative business idea**

Sources of business ideas

External/macro-environmental sources of change that create opportunities (Drucker's 7 sources of innovation, STEEP factors).

The role of the 'entrepreneur' in weighing up opportunities, threats and personal capacity to translate the opportunity into a business idea.

Personal situational factors and knowledge.

Types of innovation:

The scope of innovation, particularly in relation to small firms.

The different types of innovation: product and process innovation; incremental vs big bang; Schumpeter's sources of innovation.

The difference between invention and innovation and the role of creativity.

Exploring the difference between a product or service idea and a business idea.

Innovation and location and the role of 'clusters' in fostering innovation amongst small firms.

Exploring creativity:

Understand and practice using creativity techniques to generate ideas.

LO2 **Explain the choice of a specific entrepreneurial idea for investigation and the market gap that it addresses**

Identifying customers:

Understand the need to identify specific customer types for targeting new ideas.

Behavioural, demographic and geographic segmentation.

Tangible and intangible features and benefits of a product or service.

Understanding the industry environment:

How the industry environment affects the likely success of a new entrant.

Explore Porter's Five Forces model to analyse the attractiveness of an industry from the perspective of a new entrant.

Approaches to competitor analysis relevant to entrepreneurs and small firms.

Industry life-cycle.

L03 Use primary and secondary data to identify market potential

Market research:

Primary and secondary research techniques for the investigating of new business ideas.

Identify, plan and undertake market research required.

The use of new technologies for audience research and analysis: use of big data to assess market trends, internet forums and social media to test market responses and evaluation.

Gap analysis:

Gap analysis to explain the gap in the market and the target customer group.

L04 Evaluate the entrepreneurial idea in the context of the market and competitors and make an assessment of potential viability

Methods of Evaluation:

Evaluation of ideas using SWOT based on evidence from macro-environment, market and competitor analysis.

Objective assessment of the idea to judge whether it is likely to be viable as a business or social enterprise proposition.

Learning Outcomes and Assessment

Pass	Merit	Distinction
LO1 Evaluate possible sources for a new and innovative business idea		D1 Critically evaluate the benefits and drawbacks of different approaches and sources that can lead to the identification of entrepreneurial ideas
P1 Determine and evaluate different sources of entrepreneurial ideas and innovation.	M1 Provide a detailed evaluation of Drucker's 7 sources of systematic innovation providing specific examples.	
LO2 Explain the choice of a specific entrepreneurial idea for investigation and the market gap that it addresses		D2 Critically evaluate a specific entrepreneurial idea based on appropriate interpretation and investigation of the competitive market place.
P2 Explain the rationale and the market gap for a specific entrepreneurial idea using relevant tools and techniques to support your choice.	M2 Provide justification of how a specific entrepreneurial idea fills a market gap using different techniques for gap and competitive analysis.	
LO3 Use primary and secondary data to identify market potential		D3 Analyse appropriate specific sources and methods of data to provide justified business objectives and identify market potential.
P3 Present data needed to support gap analysis in the evaluation of a specific entrepreneurial idea. P4 Interpret data appropriately to provide evidence of market potential.	M3 Justify specific sources and methods of data collection chosen and how data relates to identifying market potential.	
LO4 Evaluate the entrepreneurial idea in the context of the market and competitors and make an assessment of potential viability		D4 Formulate valid conclusions and justified recommendations on how a specific entrepreneurial idea can be developed, managed and sustained within the competitive market place.
P5 Apply a SWOT framework to collate evidence to support an objective assessment of a specific entrepreneurial idea. P6 Evaluate the competitive and market environments in which the idea will be launched to assess potential viability.	M4 Critically evaluate a specific entrepreneurial idea in the context of the marketplace and competition.	

Recommended Resources

BURNS, P. (2011) *Entrepreneurship and Small Business*. 3rd Ed. Basingstoke: Palgrave MacMillan.

BURNS, P. (2014) *New Venture Creation: A Framework for Entrepreneurial Start-ups*. Basingstoke: Palgrave MacMillan.

RIES, E. (2011) *The Lean Start-up*, London: Penguin Books.

MOLE, K. and RAM, M. (2012) *Perspectives in Entrepreneurship: a critical approach*. Basingstoke: Palgrave MacMillan.

WALL, S., CODAY, C. and MITCHELL, C. (2014) *Quantitative Methods for Business and Management: An Entrepreneurial Perspective*. Harlow: Pearson.

Journal of Small Business Management. Oxford: Wiley-Blackwell
[http://onlinelibrary.wiley.com/journal/10.1111/\(ISSN\)1540-627X](http://onlinelibrary.wiley.com/journal/10.1111/(ISSN)1540-627X)

The Institute for Small Business and Entrepreneurship (ISBE) website:
www.isbe.org.uk

Links

This unit links to the following related units:

Unit 8: Innovation and Commercialisation

Unit 9: Entrepreneurship and Small Business Management Unit

22: Product and Service Development

Unit 28: Launching a New Venture

Unit 32: Business Strategy