

*Leading Self & Others
Motivation & Leadership*

*Creativity Café
25th May 2017*



**CAMBRIDGE
INNER GAME
LEADERSHIP**
Cambridge UK Branch



Approved
Centre

Creating and Recognising Opportunities

Recognizing opportunities

Recognising an opportunity to innovate or to create is frequently considered an innate talent, however, opportunity recognition can be performed in a structured manner utilising one's experience. Robert Baron identifies three important factors that play a role in opportunity recognition. They include engaging in;

- an active search for opportunities
- an alertness to opportunities (the capacity to recognise them when they emerge)
- a prior knowledge of a market, industry, or customers as a basis for recognising new opportunities in these areas.¹

Ardichvili et al. suggests a similar view of the process of opportunity recognition, but one that focuses on three distinct processes;

- “sensing” or perceiving market needs and/or underemployed resources,
- recognising or discovering a “fit” between particular market needs and specified resources
- creating a new “fit” between heretofore separate needs and resources in the form of a business concept.

These processes represent, respectively, perception, discovery, and creation — not simply “recognition”.

Origin of opportunities

Opportunities for creating something new can emerge from a variety of sources and not just through new products or services. These may be due to changes happening in the external business environment, such as new social trends or technology evolution etc. that impact on various parts of the business value chain. Schumpeter suggested five different loci of these changes²:

- creation of new products or services
- discovery of new geographical markets
- creation or discovery of new raw materials
- new methods of production and
- new ways of organising

¹ Robert A. Baron, *Opportunity Recognition as Pattern Recognition: How Entrepreneurs “Connect the Dots” to Identify New Business Opportunities*. Academy of Management Perspectives February 2006 104 - 118

² Schumpeter, Joseph. (1934). *The Theory of Economic Development*. Cambridge, Mass.: Harvard University Press.

You can come up with ideas using different ways....

- Drawing on your skills
- Making use of your experience
- Improving currently existing product or services
- New products
- Filling a gap in the market
- Meeting the needs of small markets
- Meeting new needs

Major changes that are happening in the world such as globalisation, increase in international trade and flow of financial and human capital have given rise to a number of opportunities for new and existing businesses that reflect these loci of changes. For example, the creation of new products/services such as iPod, iTunes and Skype have created new ecosystems that have given rise to numerous opportunities. China's joining the WTO in 2001 unleashed significant opportunities for companies from the US and Europe to expand into the Chinese market. Biofuels and alternate forms of energy to replace diminishing oil supplies have created entire new industries or revitalised existing sectors like farming.³

While the above three instances are traditionally associated with opportunities for creating new businesses and growing existing businesses, there are others. The global supply chain that utilises concepts like 'just in time' production methods, has created opportunities for shipping and logistics companies. Productivity increases driven by adoption of IT based systems and processes in all aspects of business, have revolutionised business practices and delivered improved profitability.

World Café Creativity Concept

The purpose of the activity is to engage in a process of creative thinking. The exercise will provide a platform for making new associations, identifying problems and generating new opportunities and solutions. Creativity has a special role to play in the innovation process, particularly in the problem solving part where creative solutions and new ways of approaching existing ideas and resources plays an important part in the success of the new venture.

In the entrepreneurial context, creativity is associated with a range of activities such as recognising opportunities by putting together information from diverse sources; identifying new ways of deploying existing resources to create new value and finding solutions to challenges that arise as a part of creating a new business.

The idea of creative technique is to push you away from a well-trodden path, to get different points of view across and to offer you the possibility to do something you wouldn't do. But remember, creativity techniques aren't creative – YOU are.

World Café Creativity Part 1

The format of this activity is based upon the World Café Creativity⁴ and will offer you the possibility of working with different people on different ideas addressing various problems. These ideas are owned by the individual, are at a level of identifying problems that need solving to create venture ideas/opportunities and /or an already existing idea to pursue further to a real life venture

The session will include 4 rounds of divergent thinking with the aim to get as many ideas /opportunities as possible.

The first round will be 15 minutes of brainstorming around the idea on a specific topic. When the signal is given, all groups will change flip charts have 10 minutes to add to the exercise and then swap for the 2nd time until you are back to your original topic. Throughout this activity you will:

- Learn to use creative problem solving methods,
- Practise convergent and divergent thinking.

Theoretical grounding

- Creativity theories
- Opportunity recognition
- Creative entrepreneurship
- Role of an entrepreneur in finding creative solutions

Reflective questions

- Where would you seek entrepreneurial ideas or opportunities?
- How can you identify new ideas and opportunities for new product for service in the future?
- How could you increase your alertness to opportunities?

Additional Readings

Ward, T.B., (2004) Cognition, creativity and entrepreneurship
Kettering, C., On Defining Creativity
<http://www.uwsp.edu/education/wilson/cretaiv/define.htm>

⁴ The activity is inspired by the World café Community www.theworldcafe.com

World Café Creativity Part 2

The purpose of the second part of this activity is to learn how to evaluate and select ideas that are worth pursuing into real ventures and to identify clear, achievable business goals/targets. Using the creative approach you would have the opportunity to reach solutions to problems.

Evaluation of ideas and opportunities tends to follow a variety of approaches. Some entrepreneurs use their instincts and intuition to evaluate an opportunity and progress it further. Others prefer to use a structured approach in finding out more about the opportunity such as market research or getting feedback from others such as potential customers and partners. Throughout this activity you will:

- Start to explore practical tools, such as the creative problem solving model, to help you select ideas, worth pursuing further,
- Identify potential ideas for an entrepreneurial venture,
- Utilise your own experience and draw upon your own skills in finding new solutions.

The session is based upon using convergent thinking where you will combine ideas, rejecting those that don't fit the criteria and focusing down on an idea with potential, hopefully the one with the greatest potential. At the end of the exercise you have to prepare a short presentation to summarize the outcomes and describe an idea for a future venture.

Throughout this activity you will:

- Practise the creative approach to problem solving,

Theoretical grounding:

- Opportunity evaluation
- Market segmentation
- Identifying resources
- Creative problem solving

Reflection questions:

- How can you make a difference using your ideas within your organisation?
- Do you have an idea you would like to explore in the future?
- What makes an idea stand out?
- What steps would you take to evaluate an opportunity?

Role of the Entrepreneur in finding creative solutions

The key role that an entrepreneur has to play in finding creative solutions to the most common challenges in building a business venture has been acknowledged by a number of studies that explore this aspect of entrepreneurship. In a study done by Hills et al.⁵, 90% of those surveyed found creativity very important for opportunity identification. In an interesting twist however, only solo entrepreneurs found creativity to be significantly more important than did the networked entrepreneurs. The solo entrepreneurs also viewed themselves as being more creative, and were more likely to set aside time specifically to be creative. The conclusion that Hills et al. derive from this study is that entrepreneurs who are networked to opportunity sources may not need to be as creative as those who are not networked.

Strong networks also play an influential role in supporting the entrepreneur in the subsequent steps of developing the opportunity into a new business venture. Their support can be in the form of providing the required resources, identifying links and establishing contacts with experts who may provide the necessary knowledge and skills etc. For the solo entrepreneur, with limited access to networks either due to his/her current situation or the general environment lacking in networks, finding creative solutions to the day to day challenges of building a new business venture is the only way out. The following table lists a summary of various creative approaches used by entrepreneurial companies and individuals to address the challenges associated with different stages of building and growing a business venture:

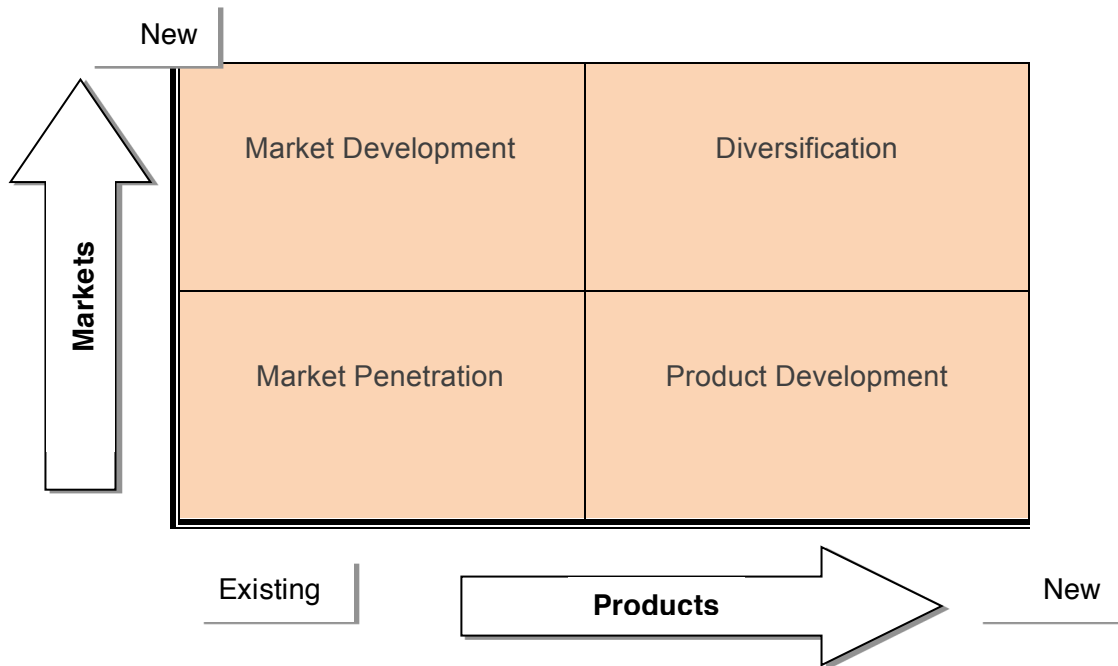
⁵ Hills, Ge.E., Lumpkin, G.T., Singh, R.Ps, *Frontiers of Entrepreneurship Research*
<http://www.babson.edu/entrep/fer/papares97/hills/hill1.htm>

Stage of business	Challenge	Some creative approaches used by entrepreneurs in the past
Conceptual	Explaining the new business idea/concept	Use Analogies: The Google for mobile video search, the Amazon for ethnic goods, the eBay for 18 th century antiques etc.
	Justifying the potential of an idea	Combining concepts: If each mobile phone buyer also subscribes to our service, we will have 10 million customers by this year end.
	Convincing others to support when there is uncertainty about the market need	Target specific customer profiles: For example, if each woman professional buys our custom designed formal clothing, we will be a \$10 million company.
Start-up	Identifying and acquiring necessary resources	Use gaps in the market: Silicon and wafer cutting technologies rendered surplus after the recent semiconductor industry slowdown, have been picked up by a fast-growing solar energy industry.
	Forming a team and working effectively as a team	Adopt two-stage team formation: Employ people on a short-term contract for 2-3 months and if they work well with the current team, make them permanent.
	Deploying scarce financial and other physical resources effectively	Maximise your resource utilisation: A Cambridge entrepreneur sub-let his subsidised office-space until his team reached full-strength
Growth	Product and service development	Crowdsourcing: Peugeot, the French car company used its customers and other designers to submit entries through a design contest and came up with ground-breaking designs.
	Identifying and reaching the customer	Use unconventional channels: Charles Tyrwhitt, the Savile Row tailoring firm, used newspapers, a radical departure from its conservative roots, to reach a wider audience.
	Packaging, promotion and marketing	Accentuate the positives: When Cobra beer was introduced in the UK, its founder used the bottle's unconventional shape and bigger size to promote its distinctiveness.

The Ansoff Matrix

Ansoff (1957) considered four different growth strategies for companies and presented them as a matrix based on the firm's present and potential products and customers (markets). This results in four possible combinations for growth as presented in Figure 2.

Figure 2 – Ansoff Matrix



Creative use of this matrix and by re-labelling the axes to focus on technology and unmet and unknown needs can be helpful to the high-technology entrepreneur with aspirations of reaching the market with breakthrough technologies. The key question is to determine what actions are required to help build a strategy in each of these directions. These actions however will depend on the outcome of some rigorous market research to understand the general business environment, the industry you plan to operate in and also the needs of your potential customers.