

**THE VILLAGE INTERNATIONAL SCHOOL**  
**UNIT-1: ENTREPRENEURIAL OPPORTUNITY**

**Unit 1: Entrepreneurial Opportunity**

Competencies: Scanning the environment; Analytical and logical thinking; Innovation and creativity; Decision making; self-confidence

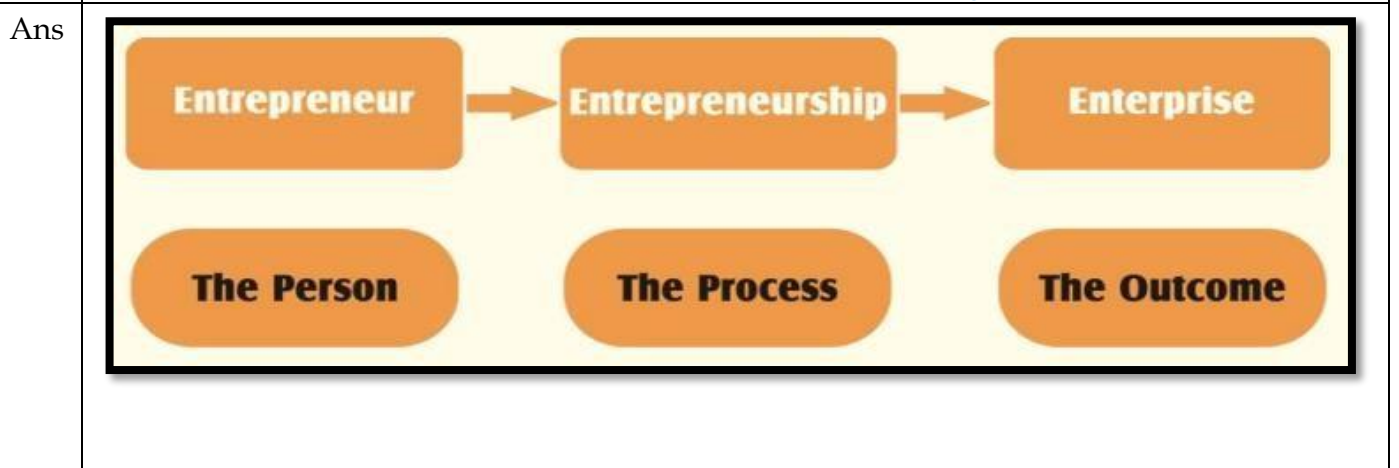
<b>Contents</b>	<b>Learning Outcomes</b>
<ul style="list-style-type: none"> <li>• Sensing Entrepreneurial Opportunities</li> <li>• Environment Scanning</li> <li>• Problem Identification</li> <li>• Idea fields</li> <li>• Spotting Trends</li> <li>• Creativity and Innovation</li> <li>• Selecting the Right Opportunity</li> </ul>	<p>After going through this unit, the student/ learner would be able to:</p> <ul style="list-style-type: none"> <li>• Comprehend the concept and elements of business opportunity</li> <li>• Discuss the process of sensing opportunities</li> <li>• Understand the need to scan the environment • Enlist the various forces affecting business environment</li> <li>• Identify the different idea field</li> <li>• Understand the concept of opportunity and market assessment</li> <li>• Appreciate the ways in which trends can be spotted</li> <li>• Understand the process of creativity and innovation</li> <li>• Transform ideas into business opportunities</li> </ul>

1 **How does Peter F. Drucker define an entrepreneur?**

Ans

- Peter F. Drucker defined entrepreneur as one who always searches for an opportunity.
- The basic test of a successful entrepreneur is the identification of business opportunity in the environment and initiating steps to produce and sell goods and services to make the best use of that opportunity.

2 **Explain the concept of entrepreneurship with the help of a diagram.**

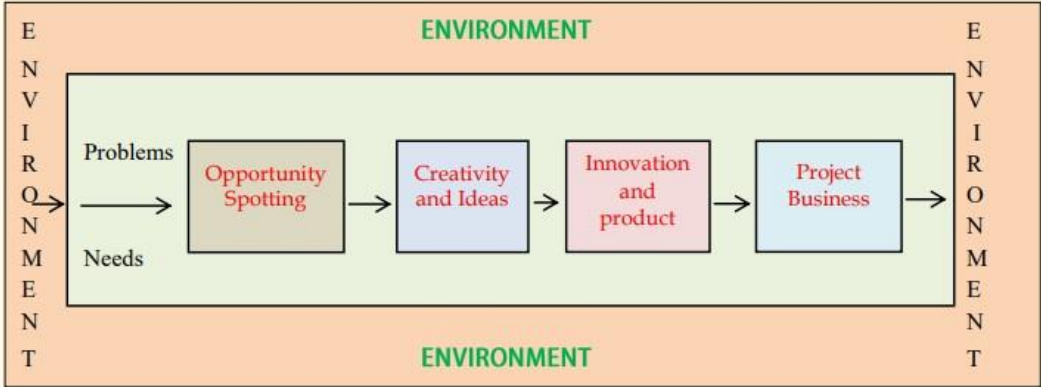


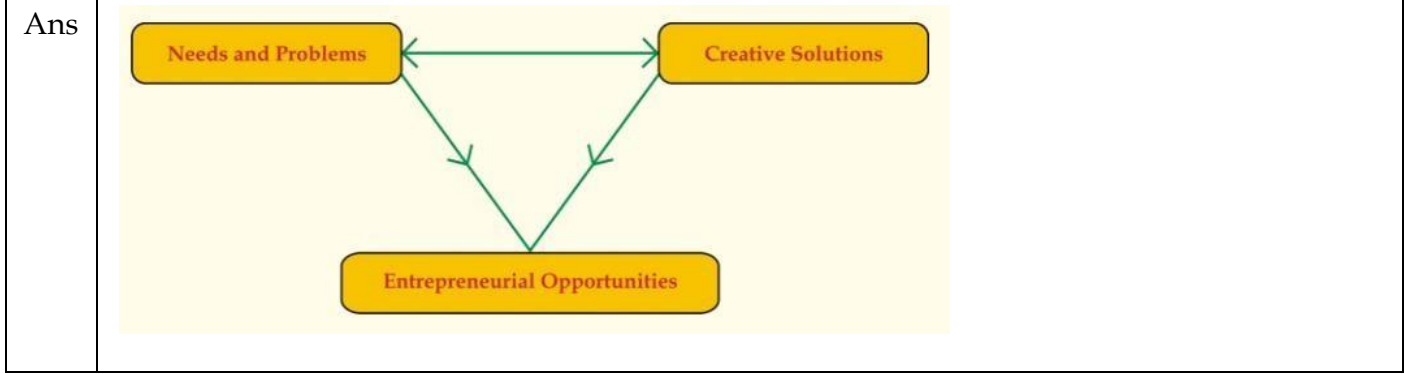
3 **What is a business opportunity?**

Ans Business opportunity can be described as an economic idea which can be implemented to create a business enterprise and earn profits.

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4	<b>Before selecting an opportunity which two things and entrepreneur has to ensure?</b>
Ans	Before selecting an opportunity, the entrepreneur has to ensure two things- <ul style="list-style-type: none"><li>• There is a good market for the product he is going to produce</li><li>• The rate of return on the investment is attractive to be accepted by him</li></ul>

5	<b>Can all ideas be converted into opportunities?</b>
Ans	No, all ideas may not be converted, into opportunities because if an entrepreneur conceive an idea and start its business without even analysing the market and as per the needs and problems of the people and only try to satisfy his own ego, then the result/outcome of launching a business and a product will end with only few customers.
6	<b>List the five elements of a business opportunity.</b>
Ans	A business opportunity may be described as an attractive economic idea which could be implemented to create a business, earn profits and ensure further growth. A business opportunity has five elements which are as follows: 1) Assured market scope 2) An attractive and acceptable rate of return on investment 3) Practicability of the idea 4) Competence of the entrepreneur to encash it 5) Potential of future growth
7	<b>How are opportunities derived from the society?</b>
Ans	An opportunity may be derived from the needs and problems of the society.
8	<b>Draw and explain the Enterprise Process Diagram. OR With the help of a diagram explain how opportunities are derived from the society?</b>
Ans	 <p>The diagram illustrates the Enterprise Process Diagram. It is set within an orange-bordered box labeled 'ENVIRONMENT' at the top and bottom. On the left side, the word 'ENVIRONMENT' is written vertically. On the right side, the word 'ENVIRONMENT' is also written vertically. Inside this box, a light green rectangular area contains a horizontal flow of four boxes connected by arrows. The first box is labeled 'Opportunity Spotting' and is preceded by 'Problems' and 'Needs' with arrows pointing to it. The second box is 'Creativity and Ideas', the third is 'Innovation and product', and the fourth is 'Project Business'. An arrow points from the 'Project Business' box to the right, towards the vertical 'ENVIRONMENT' text.</p> <p>This diagram shows the following stages:  i) Opportunity spotting by analysing the needs and problems that exist in the environment  ii) Evaluating the ideas received from different sources to find a creative solution  iii) Identifying a product or service through innovation  iv) Setting up a project and nurturing it to success</p>
9	<b>Identify the missing element in the figure given below.</b>



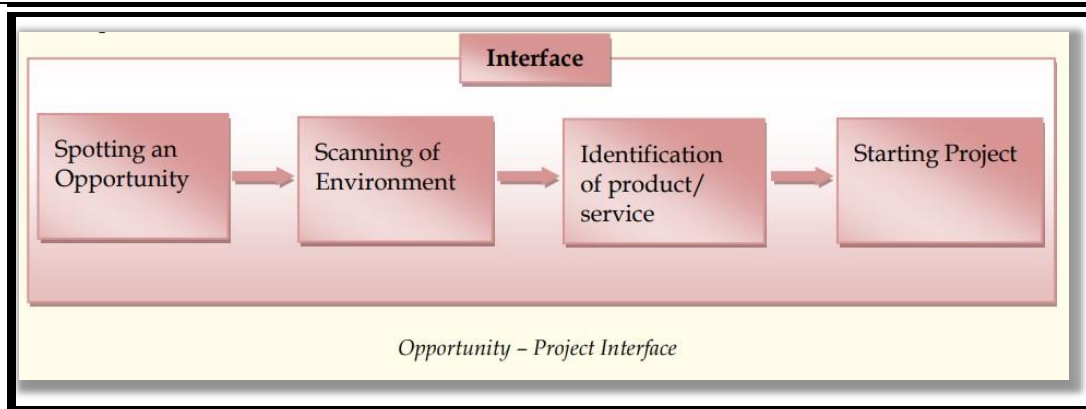
10	<b>List the factors involved in sensing opportunities.</b>
Ans	<p>To sense an entrepreneurial opportunity, an entrepreneur employs his/her sharpened skills of observation, analysis and synthesis to identify an opening. The most important factors involved in the process are:</p> <ol style="list-style-type: none"> <li>1. Ability to perceive and preserve basic ideas which could be used commercially</li> <li>2. Ability to harness different sources of information</li> <li>3. Vision and creativity</li> </ol>
11	<b>List the various sources which lead to the emergence of basic ideas.</b>
Ans	<p>Spotting an idea often triggers the process of sensing an opportunity. The following are the various sources which lead to the emergence of basic ideas.</p> <ol style="list-style-type: none"> <li><b>a) Problems:</b> When a problem exists, an idea leads to a solution to resolve that problem, it emerges as a business opportunity.</li> <li><b>b) Change:</b> A change in social, legal, technological aspects etc. leads to new opportunities to start a business.</li> <li><b>c) Inventions:</b> New products or services leads to new business opportunities.</li> <li><b>d) Competition:</b> Competition often results in emergence of new and better ideas that result in new business opportunities.</li> <li><b>e) Innovation:</b> Creating new things of value as well as new and creative processes that add value to the existing products or services. For example, computers to tablets.</li> </ol>
12	<b>Name the different sources of information that an entrepreneur can use to gather data.</b>
Ans	<ul style="list-style-type: none"> <li>• Various sources like magazines, journals, books, seminars, trade shows, family members, customers, friends etc. help in getting information that results in evolution of basic ideas.</li> <li>• Bring together various sources of information and knowledge, and analyze it to the best possible extent.</li> <li>• The analysis helps in the identification of the right opportunity to start a new business.</li> </ul>
13	<b>Explain how Vision and creativity play an important role in an entrepreneur's life.</b>

Ans	Creativity in innovating a solution and vision. The entrepreneur should be able to creatively identify an idea to generate a valuable solution to a problem. Once the solution is identified their vision to convert the solution into business opportunity helps them to move forward, overcoming all the obstacles. They constantly a) overcome adversity b) exercise control over the business c) make a significant difference.
14	<b>Define Business environment.</b>
Ans	<ul style="list-style-type: none"> <li>• Business environment may be defined as all those conditions and forces external to a business unit under which it operates.</li> <li>• Entrepreneurship does not emerge and grow spontaneously.</li> <li>• Rather, it is dependent upon several economic, social, political, legal and other factors.</li> </ul>
15	<b>What is environment scanning?</b>
Ans	Careful monitoring of an organization's internal and external environment for detecting early signs of opportunities and threats that may influence its current and future plans.
16	<b>Why do we need to scan our environment?</b>
Ans	<ul style="list-style-type: none"> <li>• In a rapidly changing environment, one rule of thumb applies: If you don't adapt, you don't endure.</li> <li>• This is the core idea behind environmental scanning.</li> </ul>
	<ul style="list-style-type: none"> <li>• Environmental scanning refers to the means by which organizations gather information on changing conditions and incorporate those observations into a process where necessary changes are made.</li> <li>• The right information, combined with the right adaptations, can determine an organization's future viability.</li> <li>• If an entrepreneur is not aware of the environment surrounding his/her business, he/she is sure to fail.</li> </ul>
17	<b>“If you don’t adapt, you don’t endure”. Evaluate the validity of the statement.</b>

Ans	<ul style="list-style-type: none"> <li>• Yes, it is correct.</li> <li>• The business environment is increasingly becoming uncertain and complex due to political realignments, economic crises, terrorism threats, technological innovations and natural disasters. In rapidly changing environments, one rule of thumb applies: If you don't adapt, you don't endure.</li> <li>• It is the core idea behind environmental scanning, which refers to the means by which organizations gather information on changing conditions and incorporate those observations into a process where necessary changes are made.</li> <li>• The right information, combined with the right adaptations, can determine an organization's future viability.</li> <li>• Environmental scanning can help you identify the trends that are most likely to directly affect the organisation and product.</li> <li>• Then an entrepreneur can craft a strategy that will help him take advantage of various changes occurring and get through the success and at the same time if he is not aware of what the environment surrounding his business, he is sure to fail.</li> </ul> <p>(i)E.g., HMT watches lost its market to Titan;  (ii)Sony failing to understand the changing trends in mobile phones and therefore losing it's market share. <b>Value Points:</b>  (i)Spirit of Enquiry  (ii)Services to others  (iii)Initiative  (iv)Self-existent  (v)Awareness of responsibility of citizenship  (vi)Social service  (vii)Endurance  (viii) Tolerance  (ix)To protect national property.</p>
18	<p><b>What is the importance of environment to an entrepreneur?</b>  <b>OR</b>  <b>"Sensitivity to environmental factors is essential for an entrepreneur." In light of above statement explain the importance of environment scanning.</b></p>
Ans	<p><b>Importance of Environment:</b> Sensitivity to environmental factors is crucial for an entrepreneur. If a company is able to adapt to its environment, it would succeed in the long run. For example, Sony is failing to understand the changing trends in mobile phones and therefore losing its market share. The benefits of understanding the relevant environment of business are:  <b>(i)Identification of opportunities to get first mover advantage:</b> An entrepreneur must be keen and alert and must be aware of all the changes in the external environment, so that he can identify opportunities and find strategies to capitalise on the opportunities at the earliest. For example, Volvo, the Swedish brand, has 74% share in the luxury bus segment as it had entered India earlier.</p>

	<p><b>(ii) Formulation of strategies and policies:</b> An entrepreneur must be capable of formulation of strategies and policies which is really going to help in identifying threats and opportunities in the market.</p> <p><b>(iii) Tapping useful resources:</b> If an entrepreneur has complete and a thorough knowledge of the external environment, then easily he can tap raw materials, technology and even financial resources from the market at economical prices, at the right time.</p> <p><b>(iv) Better performance:</b> Proper understanding of the various elements of the external environment is necessary to take timely action to deal with threats and avail opportunities for the purpose of improvement in the performance of the firm.</p> <p><b>(v) Sensitisation of entrepreneurs to cope up with rapid changes:</b> A keen watch on the trends in the environment would help sensitise the entrepreneur to changing technology, competition, government policies and changing needs and taste of the customers. For example, trends in clothing, outdoor celebration of family events. Showing more interest in fast food, changing fitness trend.</p> <p><b>(vi) Image building:</b> If a company is sensitive to the external environment, it will come out with new products and services to meet the requirements of the customers. This would build the image or reputation of the firm in the eyes of the general public. For example, call-radio taxis with additional features like GPS systems, online booking, etc.</p>
19	<b>Why did Sony is failing to understand the changing trends in mobile phones and therefore losing its market share.</b>
Ans	<ul style="list-style-type: none"> <li>• It did not scan the environment</li> <li>• Did not adapt the changes in the market</li> </ul>
20	<b>Draw a flow chart explain the SWOT analysis framework.</b>
Ans	<pre> graph TD     A[Environmental Scan] --&gt; B[Internal Analysis]     A --&gt; C[External Analysis]     B --&gt; D[Strengths]     B --&gt; E[Weaknesses]     C --&gt; F[Opportunities]     C --&gt; G[Threats]     D --&gt; H[SWOT Matrix]     E --&gt; H     F --&gt; H     G --&gt; H   </pre>
21	<b>From where can you collect information to scan the environment?</b>
Ans	<p>Information for environmental scanning can be collected from several sources. These include</p> <ol style="list-style-type: none"> <li>verbal information from customers, wholesalers, retailers, distributors, consultants, etc.</li> <li>records of companies</li> <li>government publications</li> <li>publications by various financial institutions</li> <li>formal studies conducted by strategic planners</li> </ol> <p>The data, so obtained, is processed and analysed with the help of quantitative and qualitative techniques.</p>
22	<b>Draw a flow chart explain the interface on an opportunity.</b>

Ans



- The flow chart shows that an opportunity received by the entrepreneur should be evaluated against important environmental parameters to arrive at a sound business choice.
- This interface is an evaluative process leading to a judgement.
- Is it a viable idea?
- Does it make sound business sense?
- If yes, the entrepreneur can proceed to the next stage of product or service identification.

23 **How many levels does Business environment consists?**

Ans Business environment consists of two levels, i.e., micro environment and macro environment.

24 **Entrepreneurship does not emerge and grow spontaneously. Rather it is dependent upon several various environmental factors. Explain them.**

OR

**Explain the factors in the macro environment.**

OR

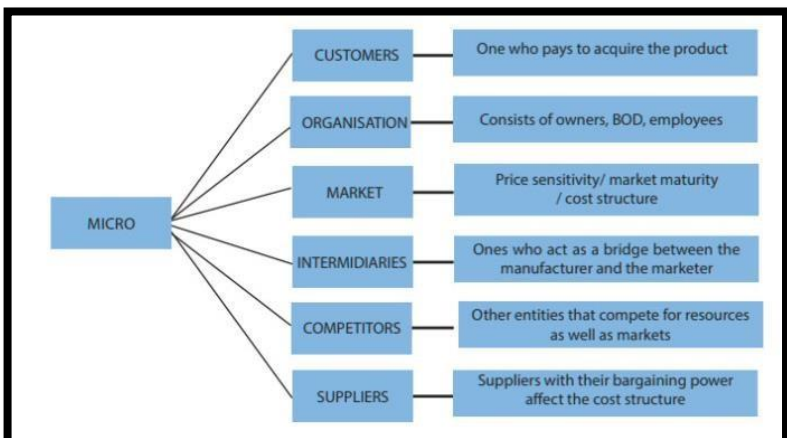
**Explain the PESTEL model.**



Ans	<p>Yes, it is correctly said that “Entrepreneurship does not emerge and grow spontaneously.” It is dependent upon several factors, like economic, social, political, legal and other factors. The basic PESTEL analysis includes four factors:</p> <p><b>Political factors</b> are basically to what degree the government intervenes in the economy. Various political factors include areas are:</p> <p>(i) Taxation Policy, Trade Regulations, Tariffs policy, Policy regarding export and import. (ii) Government Affairs: Government in power, attitude of government towards different groups of the societies, Government Stability, Policy changes implemented by changed government, Labour laws, Unemployment policy.</p> <p>(iii) Goods and services which the government wants to produce and how much quantity to be produced.</p> <p>(iv) It also influences the health, education, and infrastructure of a nation.</p> <p><b>Economic factors:</b></p> <p>(i) Gross domestic product, Income level at national level and per capita income, economic growth.</p> <p>(ii) Profit earning rate, interest rate, exchange rate, inflation rate, fiscal and monetary policy of the government. For example, interest rates will affect the cost of debt and, potentially, the cost of equity, e.g. when interest rates increase the cost of debt increases, which increases the firms cost of capital to what extent a business grows and expands.</p> <p>(iii) Exchange rates affect the costs of exporting goods and the supply and price of imported goods in an economy.</p> <p>(iv) It includes the close study of important variables like supply and demand. Details of consumer trends, economic preference, costing, discounting, etc. are all economic decisions.</p> <p>(v) Economic details will also help the entrepreneur in determining the size of the project and the reasons of finance and have major impacts on how businesses operate and make decisions.</p> <p><b>Social factors:</b></p>
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	<p>i. Social factors include the cultural aspects and include health consciousness, population growth rate, age distribution, career attitudes and emphasis on safety.</p> <p>ii. Trends in social factors affect the demand for a company's products and how that company operates.</p> <p>iii. For example, an aging population may imply a smaller and less-willing workforce (thus increasing the cost of labour).</p> <p>iv. Furthermore, companies may change various management strategies to adapt to these social trends (such as recruiting older workers).</p> <p><b>Technological factors:</b></p> <p>(i) An entrepreneur must be aware of importance of technological development for the firm and how it is to be resolved.</p> <p>(ii) He should show complete knowledge of technology required to produce the product?</p> <p>(iii) Availability of training at a local area or can outsource it.</p> <p>(iv) What would be the position of supply of plant and machinery for such a technology? (v) It also includes technological aspects such as resources and development activity, automation, technology incentives and the rate of technological change.</p> <p>(vi) Influence various decision for better and latest technology, costs, quality, and lead to innovation.</p> <p><b>Environmental factors:</b></p> <p>(i) It includes ecological and environmental aspects such as weather, climate, and climate change, which may especially affect industries such as tourism, farming, and insurance.</p> <p>(ii) Growing awareness of the potential impacts of climate change is affecting how companies operate and the products they offer, both creating new markets and diminishing or destroying existing ones. <b>Legal factors:</b></p> <p>(i) It includes discrimination law, consumer law, antitrust law, employment law, and health and safety law.</p> <p>(ii) These factors can affect how a company operates, its costs, and the demand for its products.</p>
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25 **Explain the micro factors in business environment.**

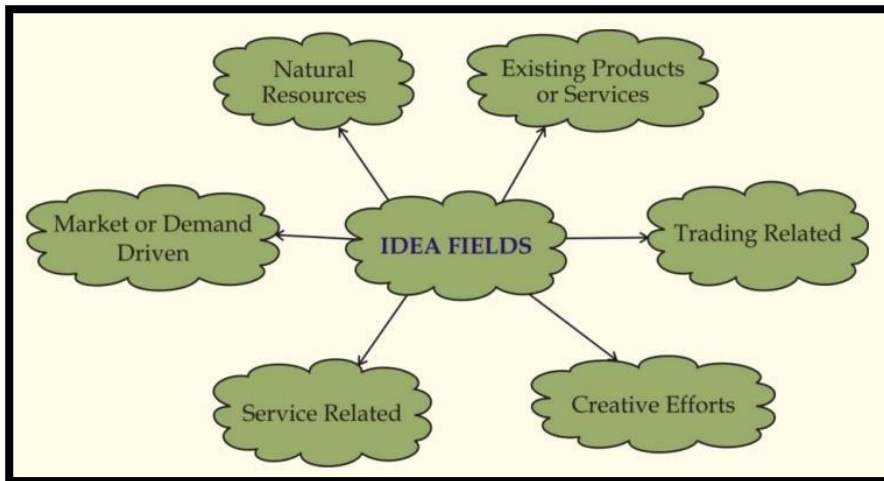
<p>Ans</p>	 <p>a. Suppliers b. Customers c. Intermediaries d. Competitors e. General public</p>
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26 **When does an entrepreneur identify the problem?**

<p>Ans</p>	<ul style="list-style-type: none"> <li>• A problem is a roadblock in a situation, something that sets up a conflict and forces you to find a solution.</li> <li>• When an entrepreneur identifies such a road block, he/she is said to have identified the problem.</li> </ul>
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27	<b>What are the objectives of problem identification?</b>
Ans	Objectives of problem identification:
	<ul style="list-style-type: none"> <li>• It should clearly state the problem</li> <li>• Identify target group facing the problem</li> <li>• Find the market acceptability of the solution to the problem</li> </ul>
28	<b>What are the uses of problem Identification to an entrepreneur?</b>
Ans	<p>It helps the entrepreneur to:</p> <ol style="list-style-type: none"> <li>1. Bring out new products in the market</li> <li>2. Understand the problems and needs of the market</li> <li>3. Be creative</li> <li>4. Increase employment generation</li> <li>5. Increase national income (of the country)</li> </ol>
29	<b>Define Idea generation.</b>
Ans	<ul style="list-style-type: none"> <li>• The process of creating, developing, and communicating ideas which are abstract, concrete, or visual.</li> <li>• It includes the process of constructing through the idea, innovating the concept, developing the process, and bringing the concept to reality.</li> </ul>
30	<b>Define Idea Fields.</b>
Ans	Idea Fields can be described as: 'Convenient frames of reference for streamlining the process of generation of ideas.'
31	<b>Draw a flow chart explain the various sources of idea fields.</b>

Ans



a) Idea fields are well defined frames of reference that guide the generation of ideas. Various idea fields are examined below:

- (i) Natural resources:** The idea for a product or service can be derived from the available natural resources like
- (a) Agricultural
  - (b) Breeding and Caring of animals (animal husbandry)
  - (c) Cultivation or Horticulture
  - (d) Human
  - (e) Mineral or Soil
  - (f) Solar
  - (g) Tidal
  - (h) Wind

Entirely new products or service related ideas can be generated from these resources or ideas to supplement these natural resources can be derived.

**(ii)Current products or services:** It requires careful analysis of the existing products or services and put the expertise and imagination to improve the current products or services. The demand for a product or service or the need to tackle the competition will also help in origination of a new idea. As the value addition to the existing product or service is as good as inventing a new product, the existing products or services also act as a good source of new ideas.

**(iii)Demand or Market:** Conducting research in the market to procure the information relation to the gap between demand and supply, changing consumer preferences, trends, technology helps in the generation of new ideas for products or services. The data gathered is analyzed using business intelligence and helps as a good sources of new ideas.

In addition to this, the demand prevailing in the market will also help in generation of new ideas. The analysis of the products and services offered by the competitors will also act as a valuable source for generating a new idea.

**(iv)Trade:** As the globalization has expanded the scope of business to the entire world, a careful analysis of the prevailing trades and methods will act as a good source of idea generation. Earlier the trading was limited to local distribution network or grocery stores. However, the trade has expanded from the local market to import and export of goods. The most recent revolution in the trade is e-commerce and has broadened the scope of trading globally and is not time bound. Thus, it became a valuable, most effective, less risk prone area for originating new ideas.

**(v)Service sector:** As the society is becoming more educated and as there is tremendous growth in information and technology, it opened up new challenges and opportunities and became a great source for generation of new ideas in various entrepreneurial sectors. Few of the sources are in the

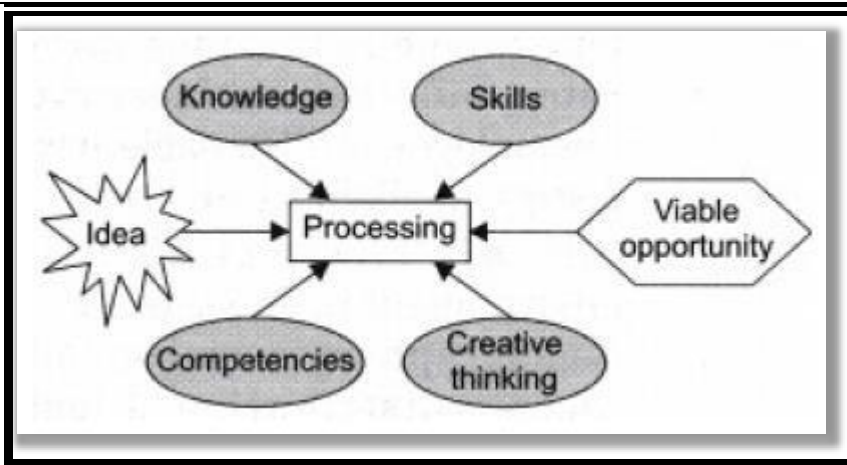
- (a)Service of home appliances
- (b)Automobile servicing
- (c)Fast food
- (d)Cool drink outlets
- (e)Ice cream outlets
- (f) Tourism
- (g)Personal grooming
- (h)Career counselling
- (i) Emigration services

**(vi)Creativity:** Creativity being one of the most important competencies of an entrepreneur plays a vital role in getting an idea for a new product or service or improving an existing product or service. Most often it is noticed that the need to solve a problem triggers creativity to come up with new ideas. It helps in

- (a)Adding additional value to an existing product or service
- (b)Innovate a new product or service
- (c)Innovate a new methodology or material to produce a product
- (d)Expand the demand and market for the current product or service
- (e)Expand the usability of an existing product or service

32 **Explain how the process of a basic idea becoming an opportunity?**

Ans The given diagram shows how the process of a basic idea becoming an opportunity:



- The above given diagram explains that it is just a process of opportunity.
- Business idea arises from an opportunity in the market.
- It originates from any need or wants of any product or service to identify. In this process all basic ideas have to undergo examination, evaluation, analysis and synthesis to become viable.
- This diagram explains an entrepreneur utilizes the skills, knowledge and competency needed to develop an idea which is backed up by social, technological, ecological and legal factors in the existing market.
- By this process an entrepreneur converts ideas into viable business opportunities.

33

**Explain the steps involved in Idea and opportunity assessment.**

Ans

**(i) Product Identification:**

- To select a product or services which is in demand and an entrepreneur can sell easily.
- To check with the product whether it is available in the market or not.
- If it is, then he should identify the reason for introducing the same product or service in the market.
- Take further step to further improvisation of the product. For example, entrepreneur selected pen drive but it is already available in the market but he improvised it by innovating a new pen drive especially for teachers which will have a built-in anti-virus and which can be worn like a watch so it minimises the problem of losing the pen drive.

**(ii) Application and Use:**

- Ideas should be examined for their real-life use and application.
- If it already exists in the market then finding out its present use, improvisation of the product, modifying it for better use.
- For example, the new pen drive especially for teachers which will have a built-in antivirus and which can be worn like a watch. This example of pen drive and watch is an already existing product produced by many companies but according to new trend an entrepreneur has innovated a new type of pen drive especially for teachers which will have a built-in antivirus which shows improvisation and modifying a product for a better use.

**(iii) Level of Operation:**

- This is a crucial test for product/ service identification.
- Depending on the nature of the enterprise, the production is undertaken, the enterprise can be cottage industry, small scale, medium scale or large scale industry.
- Quantity of production is considered.
- Requirement of labour, technical experts, skilled labour, etc. all are to be considered.

**(iv) Cost:**

(a) An entrepreneur first finds out the cost price of the product and then ultimately decides the sale price.

(b) Every entrepreneur must answer the following questions before deciding the selling price of the product:

- What is the per unit cost of the product at particular level of operation?
- Whether this cost is comparable with that of other competitive products? For example, a large manufacturing unit would be expected to have a lower cost per unit of output than a smaller unit, all other factors being equal, while a company with many facilities should have a cost advantage over a competitor with fewer.

**(v) Competition:**

(a) The extent, intensity and trends in competition are to be analysed. This has direct impact on production capacity and supply.

(b) Any product or service will face market competition at some stage.

(c) An entrepreneur should be assessed through a study of the trends in demand and supply.

**(vi) Technical Complexity:**

What type of technology is required to produce the product? Whether training and application of such technology will be locally available or will it have to be supported from other places? What would be the position of supply of plant and machinery for such a technology? These are important issues that have to be resolved. **(vii) Annual turnover and profit margin:**

(a) An entrepreneur has to examine the basis of expected annual turnover. It refers the total sales of the year.

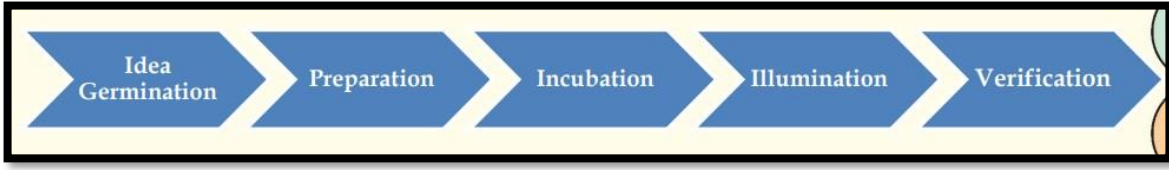
(b) This will also indicate the market share or profit margin of the product or service.

(c) Once the entrepreneur has assessed the opportunities on these bases he should go ahead and assess the market also.

34	<p><b>While assessing the market, an entrepreneur has to prepare details on four factors, one of them being 'project innovation and change'. Explain briefly the other three.</b></p>
Ans	<p>Selection of a product or service will depend upon many factors. While assessing the market, an entrepreneur has to prepare details on the following lines:</p> <p><b>(i) Demand:</b> The demand assessment will be based on the size of market being targeted, i.e., local markets, market at state level or national/international market. It will also involve a study of the target groups of consumers, their preferences, tastes and other related variables.</p> <p><b>(ii) Supply and nature of competition:</b> While assessing market, supply position is also studied by entrepreneurs. By supply position what is meant is the complete picture of quantities of the product made available in the market by all the existing players. It should take into account future supplies from possible entrants in the field.</p> <p><b>(iii) Cost and price of product:</b> It is important to determine the cost of the product and its comparison with available products in the market. Cost variable of competitors in terms of transportation delays, wastage, storage etc., have to be studied to spot cost advantage. This will influence the delivery mechanism of the identified product or service.</p> <p><b>(iv) Project innovation and change:</b> Market assessment will require a study of prevailing innovations and changes being carried out by existing entrepreneurs. Technological advancements in the field have to be analysed because they may change the quality and influence the cost and price ultimately.</p>
35	<p><b>What do you mean by trend spotting?</b></p>
Ans	<ul style="list-style-type: none"> <li>• Trend spotting is the process of identifying emerging trends in the marketplace and using them to inform strategic decision-making.</li> <li>• Businesses have been using trend spotting to stay ahead of their competition and capitalize on emerging markets for decades.</li> </ul>
36	<p><b>List and explain the different ways in which an entrepreneur spots trend.</b>  <b>OR</b>  <b>What are the various ways in which an entrepreneur spot trends?</b></p>



Ans	<p><b>(i)Read trends:</b> (a)Entrepreneurs regularly read the leading publications and websites affecting their business. (b)Publications include industry publications, trade association sites, major newspapers, key business magazines, thought leaders and influential bloggers. (c)They scan information from a wide variety of sources – from international news on down to niche bloggers focused on specific aspects of their industry. Obviously, there is a sunami of information available. They use tech-tools like RSS feeds, e-mail newsletters or websites and forums to keep on top out of all and get the information they want. They understand quickly which sources are valuable and which should be avoided.</p> <p><b>(ii)Talk trends:</b> (a)Talking to people is an equally important trend-spotting tactic. They get involved in specific industry’s trade association and attending events both online and offline. (b)From social networking tools like social network websites and forums. (c) They even start or join groups on the networks and see what people are buzzing about the latest trends to customers regarding what customers thinking, buying, doing, etc. what customers are saying about the business, but what they’re saying about the competitor’s business.</p> <p><b>(iii)Watch trends:</b> (a)Watching and observing the customers in the market place. (b)If the customers are teenagers, in the local mall. (c)If they are business class people, it might be restaurant or office park restaurant center. (d)The entrepreneur spends some time simply watching and observing, what people are eating, doing, wearing, using.</p> <p><b>(iv)Think trends:</b> (a)As an entrepreneur begins gathering all these information regularly, they will start to develop a “trend-spotter mind.” (b)They collect from what they read, heard and observed, and they start to making connections and observations that will lead to businessboosting insights.</p>
37	<b>Define creativity.</b>
Ans	Creativity, the ability to make or otherwise bring into existence something new, whether a new solution to a problem, a new method or device, or a new artistic object or form.
38	<b>Explain the five steps in creative process.</b> <b>OR</b> <b>Why is creativity important and explain the creative process?</b>

Ans	<p>The process of creativity involves five steps: 1. Idea germination, 2. Preparation, 3. Incubation, 4. Illumination and 5. Verification.</p> <ol style="list-style-type: none"> <li>1) <b>Idea germination:</b> This is the seeding stage of a new idea. It is the stage where the entrepreneur recognises that an opportunity exists. The idea germination takes place according to interest, curiosity of the entrepreneur according to which opportunity is explored and exploited to its best potential. Creative ideas germinate besides the interest, the need of a specific problem or area of study.</li> <li>2) <b>Preparation:</b> On the basis of the idea, interest and curiosity the need is judged by the entrepreneur and he starts looking for the answer to implement the idea. If the idea is to launch a new product or service then market research is conducted. That happens because the seed of curiosity has taken the form of an idea, the entrepreneurs foresee the future of the product.</li> <li>3) <b>Incubation:</b> This is the subconscious assimilation of information. This is the transition period. The entrepreneur starts thinking about the idea and implementation in his subconscious mind.</li> <li>4) <b>Illumination:</b> In this period of illumination, the idea re-surfaces in a realistic way and entrepreneur comes out with a viable plan to give practical shape by collecting raw-material, arranging funds, policy making for implementation of idea.</li> </ol>
	<ol style="list-style-type: none"> <li>5) <b>Verification:</b> Also called the validation or testing stage. This is where the idea is verified to prove that it has value. This is the most difficult phase of creativity as obstacles begin to appear. This is the developing stage in which knowledge is developed into application.</li> </ol>
39	<p><b>Identify the missing element in the creative process.</b></p>
Ans	
40	<p><b>Explain the elements in the innovation process.</b></p>
Ans	<ul style="list-style-type: none"> <li>• <b>Analytical planning:</b> Carefully identifying the product or service features, design as well as the resources that will be needed.</li> <li>• <b>Resource organization:</b> Obtaining the required resources, materials, technology, human or capital resources.</li> <li>• <b>Implementation:</b> Applying the resources in order to accomplish the plans and delivering results.</li> <li>• <b>Commercial application:</b> The provision of value to customers, reward employees, and satisfy the stake holders.</li> </ul>
41	<p><b>Identify the missing element in the innovation process.</b></p>

Ans



## CHAPTER SUMMARY

### Business Opportunity

Business opportunity can be described as an economic idea which can be implemented to create a business enterprise and earn profits.

### Elements of business opportunity

- Assured market scope
- An attractive and acceptable rate of return on investment
- Practicability of the entrepreneur to encash it



- Competence of the entrepreneur to encash it
- Potential of future growth

### **Exploring opportunities in the environment**

- Opportunity spotting by analyzing the needs and problems that exist in the environment
- Evaluating the ideas received from different sources to find a creative solution
- Identifying a product or service through innovation

### **Factors involved in securing opportunities**

- Ability to perceive and preserve basic ideas which could be used commercially
- Ability to harness different sources of information • Vision and creativity

### **Various sources which lead to the basic ideas**

- Problem
- Change
- Inventions
- Competition
- Innovation

### **Importance of environment**

- Identification of opportunities to get first mover advantage
- Formulation of strategies and policies
- Tapping useful resources
- Better performance
- Sensitization of entrepreneurs to cope up with rapid changes • Image building

### **Analysis of environment**

- Verbal information from customers, wholesalers, retailers distribution, consultants, etc.
- Record of companies
- Government publications

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- Publications by various financial institutions
- Formal studies conducted by strategic planners

### **Environmental factors**

- Internal factors (Micro environment)
- External Factors (Macro environment)

### **Pestel Model**

- Political
- Economic
- Social
- Technological
- Ecological
- Legal

### **Idea Generation**

The process of creating, developing and communicating ideas which are abstract, concrete or visual

### **Sources of business ideas**

- Examine your own skill set for business ideas
- Keep up with current events and be ready to take advantage of business opportunities
- Invent a new product or service
- Add value to an existing product
- Investigate others markets
- Improve an existing product or service
- Get on the band wagon

### **Ideas fields**

- Natural resources
- Existing products
- Market driven ideas
- Funds related ideas
- Service sector ideas





- Creative effort of the entrepreneur

### **Steps involved in idea and opportunity assessment**

- Product identification
- Application and use
- Level of operation
- Cost
- Competition
- Technical complexity
- Annual turnover and profit margin

### **Factors to be kept in mind while assessing the market**

- Demand
- Supply and nature of competition
- Cost and price of product
- Project innovation and change

### **Ways to spot trends**

- Read trends
- Talk trends
- Watch trends
- Think trends

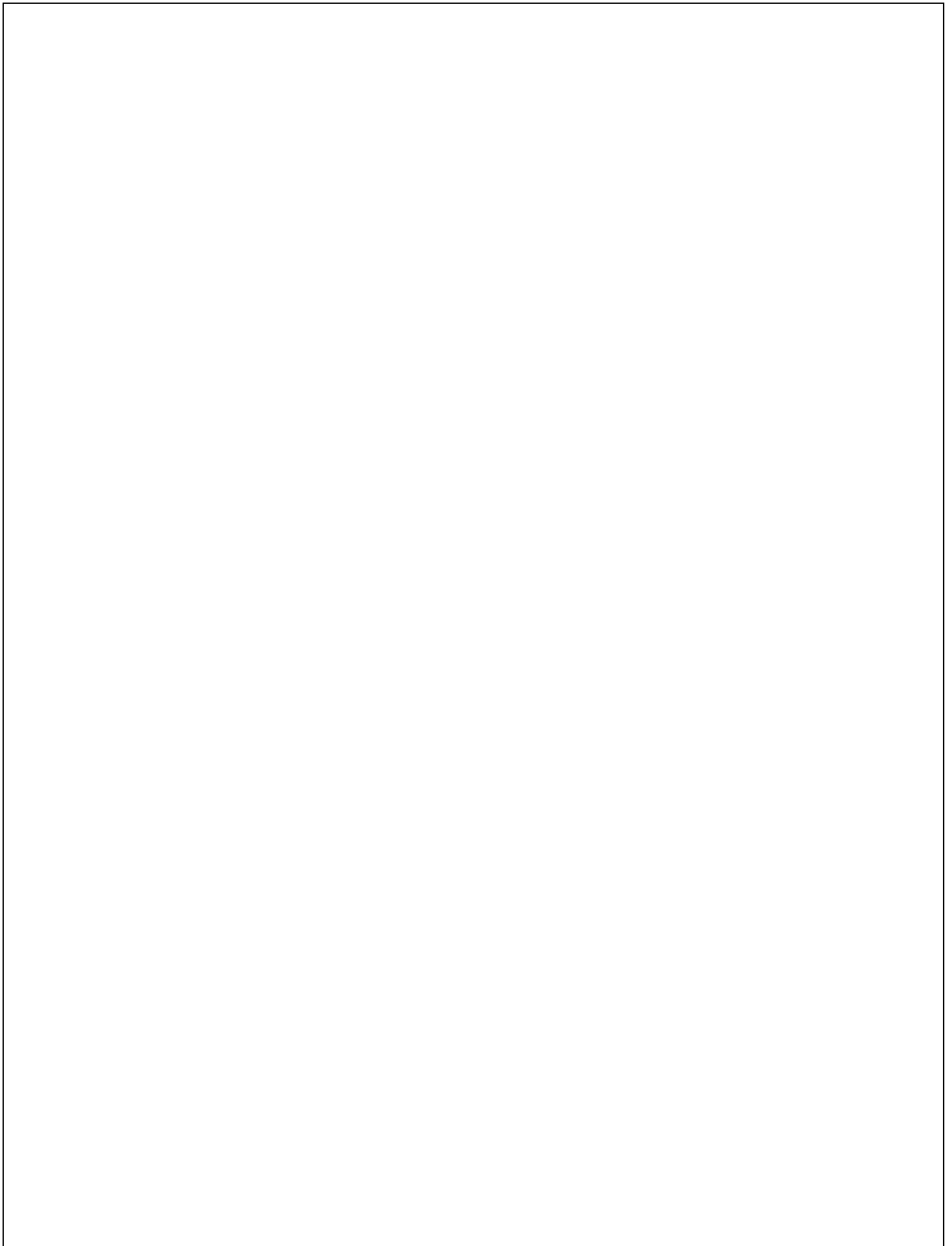
### **Creative process**

- Idea germination
- Preparation
- Incubation
- Illumination
- Verification

### **Innovation process**

- Analytical planning

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- Organising resources
- Implementation
- Commercial application

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