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Bad Ideas and Great Opportunities

Dr Pegram Harrison
Fellow in Entrepreneurship
Saïd Business School

University of Oxford
Centre for Entrepreneurship and Innovation
Saïd Business School

Ideas are NOT the same as *opportunities*

Ideas	Opportunities
Free	Resource dependent
Timeless	Perishable
Easy to have	Hard to seize!

Ideas and Opportunities

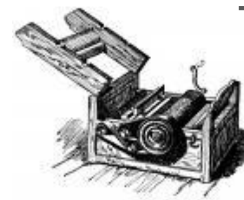
Ideas are NOT the same as *opportunities*

<u>Ideas</u>

Cold Fusion

Cure for Cancer

<u>Opportunities</u>



Cotton Gin

Budget Airlines

<u>Unclear</u>

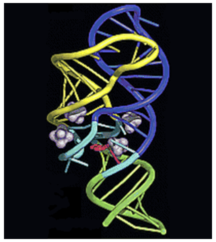
Twitter

Clean Coal

Where do OPPORTUNITIES come from?

1) Large scale trends
   Observable, Substantiated, Sustainable, Legitimate

2) Experience or Observation
   Fix something broken



3) Research
   Clear, unmet demand

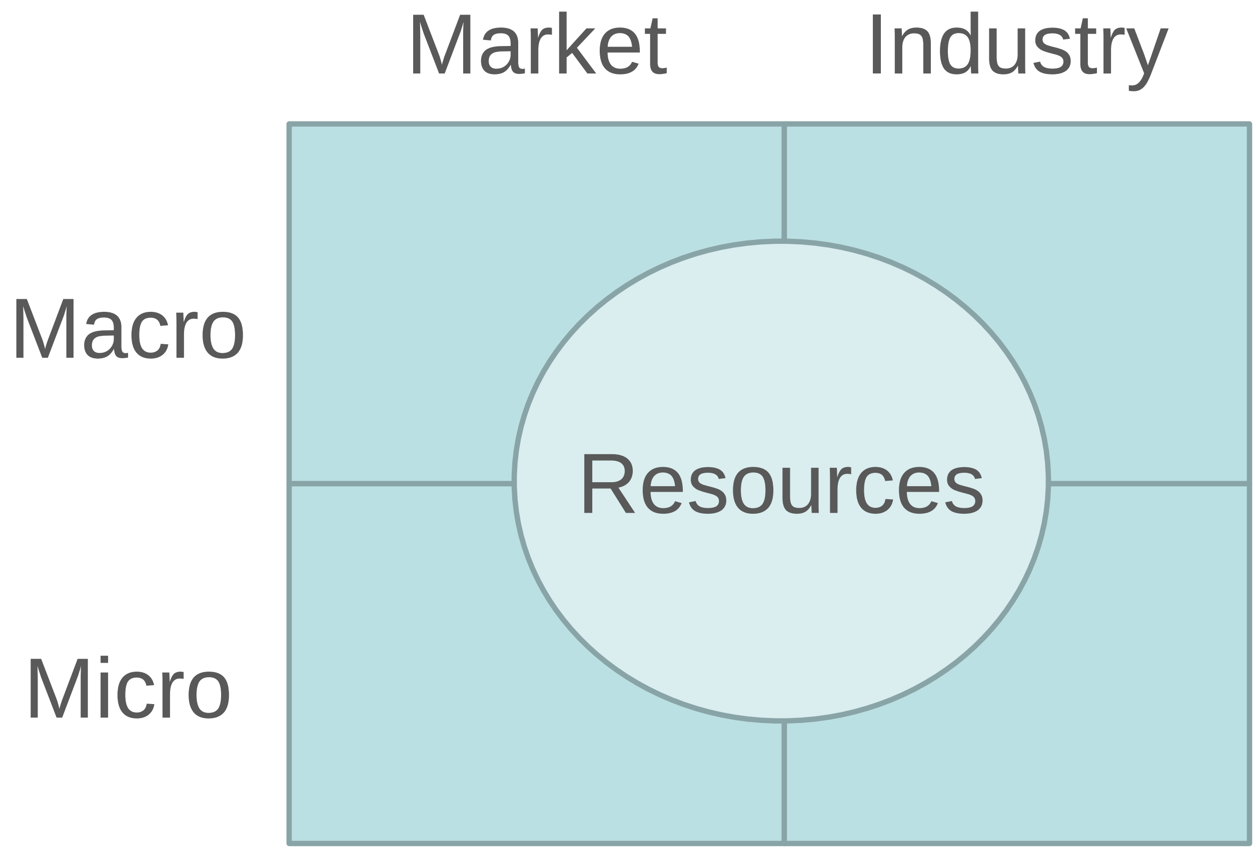
4) Adapt, Replicate or Modify
   Something successful elsewhere

The Field of Dreams Myth

If you build it, they will come....

There is ALWAYS competition, or a substitute.

Evaluating Opportunity



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Information for Evaluating Opportunity, 1

	Demand	Supply
Context	Trends: # size % growth	Structural Comparative Advantage
Contact	Will they buy it? Why?	Is there another way?

A checklist, 1

Marco-Market

- Overall market size (#) and growth rate (%)
- Trends to asses future size and growth

Micro-Market

- Targeted need: what pain needs alleviating?
- What compelling benefits can be delivered?
- What proof is there that people are willing to pay or take what you' re offering?

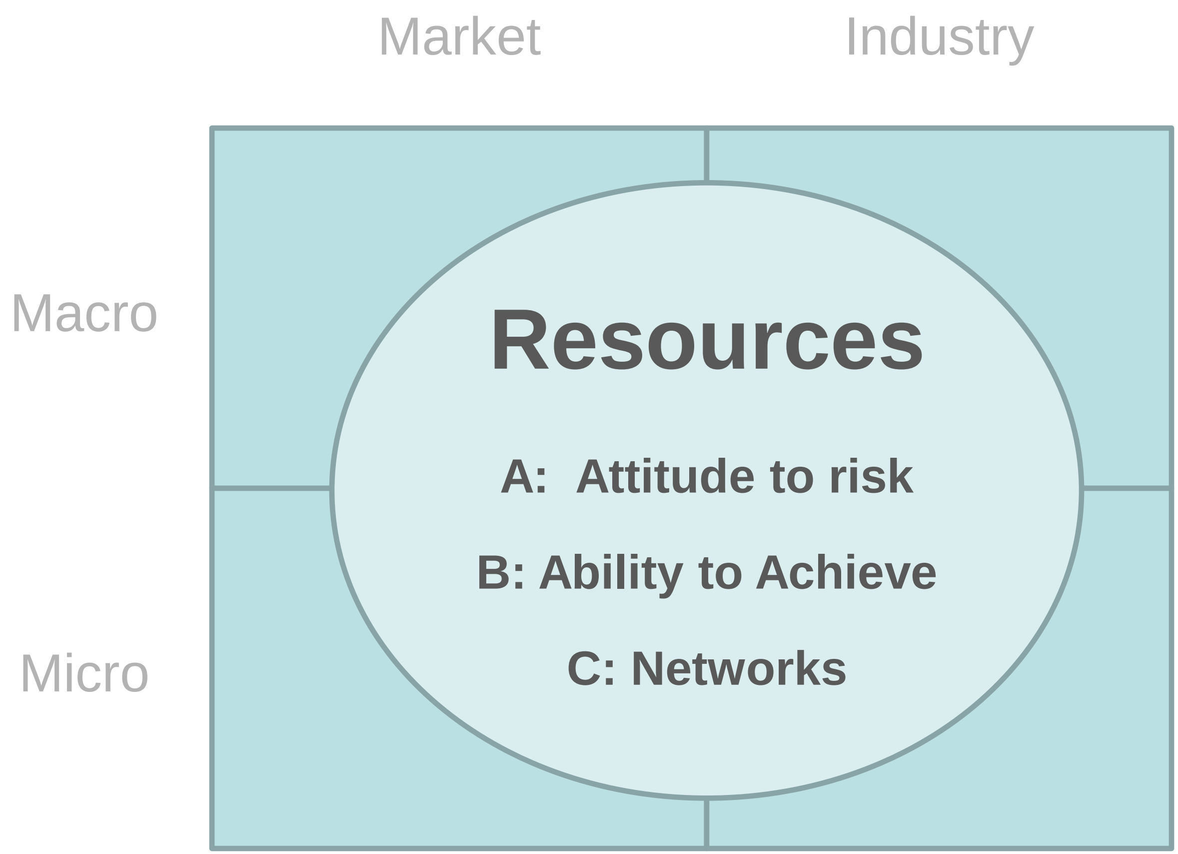
Macro-Industry

- Attractive dynamics of competition (5-Forces Analysis)
- Expected changes in near- and long-term future

Micro-Industry

- Proprietary advantages: patents? contracts?
- Superior and defensible processes, capabilities, resources
- Economic viability: costs, margins, investment, cash cycle, etc.

Information for Evaluating Opportunity, 2



A checklist, 2

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Resources

Attitude to risk

- Entrepreneurial mindset of your team and stakeholders
- Management, employees, investors, suppliers, even customers

Ability to achieve

- Skills necessary to execute on key success factors
- Materials necessary to assemble product or service

Networks

- access to people and other resources not currently controlled
- up and down the value chain

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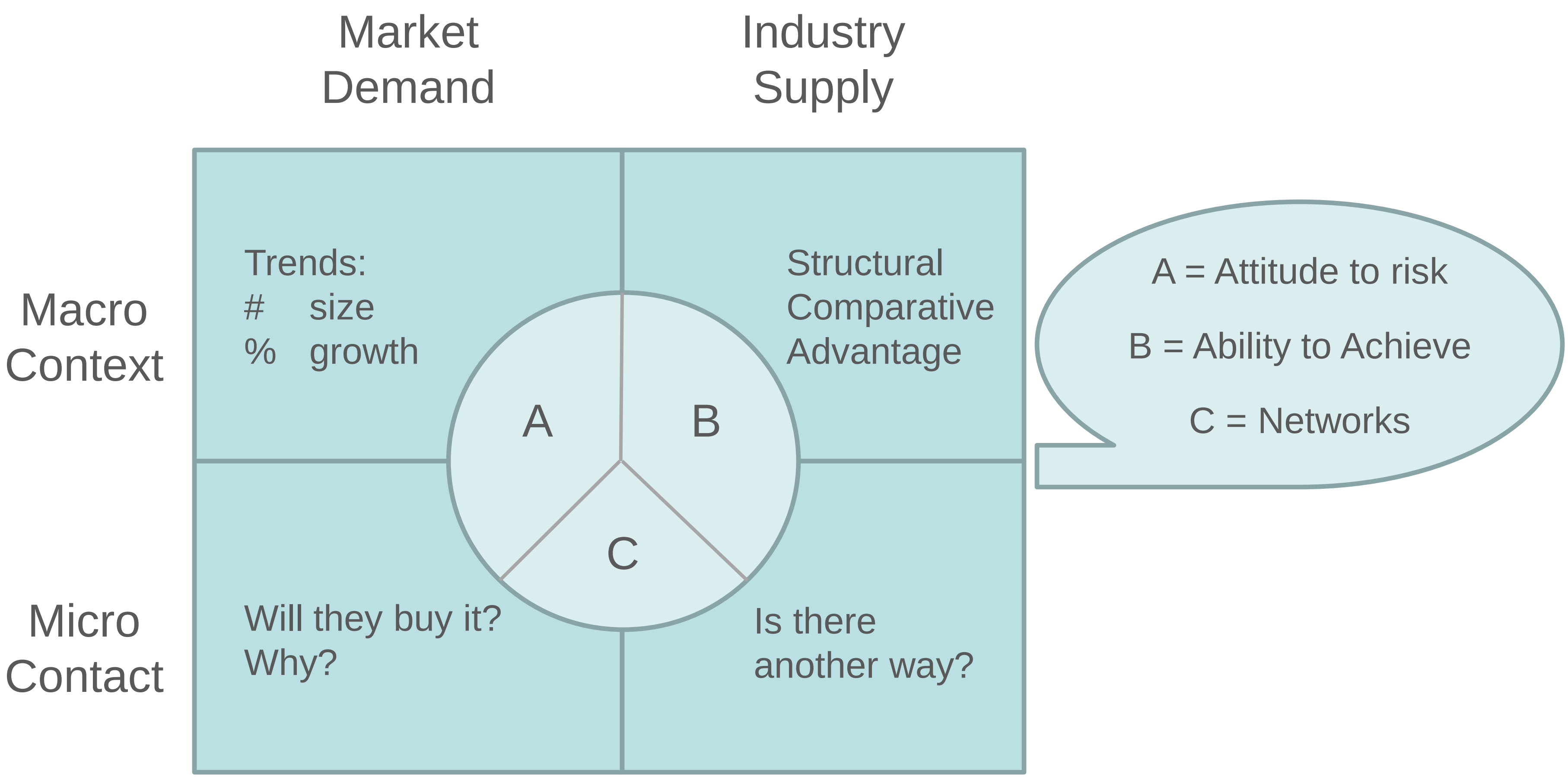
Assessing Opportunity



adapted from John Mullins
The New Business Road Test (2012) FT-Prentice Hall

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pegram.harrison@sbs.ox.ac.uk