

# Unit 27: Identifying Entrepreneurial Opportunities

**Unit code** A/618/5095

**Unit level** 5

**Credit value** 15

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## Introduction

The role of the entrepreneur is to weigh up opportunities, threats and personal skills, and abilities to translate an opportunity into a business idea. This unit gives students an understanding of where new entrepreneurial ideas come from and gives them the opportunity to investigate and evaluate a new entrepreneurial idea for a small- and medium sized enterprise (SME).

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

By the end of the unit, students will have acquired creative skills and thinking for innovation, preparing them for jobs and technologies that do not even exist yet in this rapidly changing landscape.

## **Learning Outcomes**

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

- LO1 Explore the role of entrepreneurship and innovation for developing new entrepreneurial ideas
- LO2 Investigate a potential entrepreneurial idea from a gap in the market for a small to medium sized (SME) enterprise
- LO3 Analyse primary and secondary data to identify the market potential of an entrepreneurial idea
- LO4 Pitch the potential viability of an entrepreneurial idea in the context of the market and competitors.

## Essential Content

### LO1 Explore the role of entrepreneurship and innovation for developing new entrepreneurial ideas

#### *Sourcing business ideas:*

The role of the entrepreneur in terms of personal, situational factors, knowledge, ability and skills to weigh up opportunities and threats.

Entrepreneur's capacity to translate the opportunity into a business idea.

Differences between product or service ideas and business ideas.

External and macro environmental sources of change that create opportunities, identifying Social, Technological, Economical, Environmental, Political (STEEP) factors.

Social enterprise and social enterprise models.

#### *The role of innovation:*

Drucker's seven sources of innovation.

Invention vs innovation and the role of creativity.

Types of innovation, e.g. product and process innovation and incremental vs radical.

Theories of innovation, e.g. Schumpeter's sources of innovation, diffusion theory.

Scope of innovation for small to medium sized organisations (SMEs): location and the role of 'clusters' in fostering innovation, innovation centres and hubs.

### LO2 Investigate a potential entrepreneurial idea from a gap in the market for a small to medium sized enterprise (SME)

#### *Identifying customers for new ideas:*

Identifying specific customer types for targeting new ideas.

Behavioural, demographic and geographic segmentation of customers.

Tangible and intangible features and benefits of a product or service for different customer types.

*Understanding the industry environment:*

Industry environment for new entrants: attractiveness of an industry, Porter's Five Forces model.

Competitor analysis relevant to entrepreneurs and SMEs, achieving competitive advantage.

Industry lifecycle.

*Gaps in the market:*

Attributes of a gap in the market.

Trends, technology, customer feedback for identifying gaps.

Unsolved problems or copy and improve.

### **LO3 Analyse primary and secondary data to identify the market potential of an entrepreneurial idea**

*Market research:*

Primary and secondary research techniques for investigating new business ideas.

Selecting and planning appropriate market research for ideas, using primary and secondary sources.

Digital technology for audience research and analysis, including:

- use of Big Data to assess market trends
- Artificial Intelligence (AI) to personalise experiences
- digital channels and forums
- social media to test market response.

### **LO4 Pitch the potential viability of an entrepreneurial idea in the context of the market and competitors.**

*Methods of evaluation:*

Strengths, Weaknesses, Opportunities, Threats analysis (SWOT).

Macro-environment, markets and competitor analysis.

*Assessment of the idea*

Sustainability.

Financial feasibility.

Profitability or achieving social enterprise objectives.

*Pitching skills and techniques:*

Audience awareness, research and sensitivity.

Competitor research.

Business and product narratives.

Structure and time.

Verbal and non-verbal communication to meet audience requirements.

Presentation, behaviour and conduct of presenter, e.g. attire, attitude, business-like skills, suitability for audience, preparation and organisation.

## Learning Outcomes and Assessment

Pass	Merit	Distinction
<b>LO1</b> Explore the role of entrepreneurship and innovation for developing new entrepreneurial ideas		<b>D1</b> Critically evaluate the role of innovation and entrepreneurship for sourcing new business ideas.
<b>P1</b> Discuss different sources of entrepreneurial ideas and innovation.	<b>M1</b> Evaluate the role of innovation and entrepreneurship for sourcing new business ideas.	
<b>LO2</b> Investigate a potential entrepreneurial idea from a gap in the market for a small to medium sized enterprise (SME).		<b>D2</b> Critically evaluate an entrepreneurial idea based on appropriate interpretation and investigation of the competitive marketplace.
<b>P2</b> Examine the rationale for an entrepreneurial idea, using relevant tools and techniques to support your choice.	<b>M2</b> Evaluate a specific entrepreneurial idea for filling a market gap, using different techniques for industry and competitive analysis.	
<b>LO3</b> Analyse primary and secondary data to identify the market potential of an entrepreneurial idea		<b>D3</b> Provide justified outcomes based on analysis of primary and secondary data, using appropriate research methods to identify market potential.
<b>P3</b> Analyse primary and secondary data appropriately to provide evidence of market potential.	<b>M3</b> Critically analyse primary and secondary data to identify market potential, drawing valid conclusions.	
<b>LO4</b> Pitch the potential viability of an entrepreneurial idea in the context of the market and competitors.		<b>D4</b> Make justified recommendations for development, management and sustainability of an entrepreneurial idea in the competitive marketplace.
<b>P4</b> Pitch the potential viability of an entrepreneurial idea, assessing viability within the competitive marketplace.	<b>M4</b> Critically evaluate an entrepreneurial idea in the context of the marketplace and identified competition.	

## Recommended Resources

### Textbooks

BURNS, P. (2016). *Entrepreneurship and Small Business: Start-up, Growth and Maturity*. 4th Ed. Basingstoke: Palgrave Macmillan.

BURNS, P. (2018) *New Venture Creation: A Framework for Entrepreneurial Start-ups*. 2nd Ed. Basingstoke: Palgrave Macmillan.

MOLE, K. and RAM, M. (2017) *Perspectives in Entrepreneurship: a critical approach*. Basingstoke: Palgrave Macmillan.

RIDLEY-DUFF and R. BULL, M. (2019) *Understanding Social Enterprise: Theory and Practice*. Sage Publications Ltd.

### Websites

<a href="http://www.entrepreneur.com">www.entrepreneur.com</a>	Entrepreneur (General reference)
<a href="http://www.entrepreneurhandbook.co.uk">www.entrepreneurhandbook.co.uk</a>	Entrepreneur Handbook (General reference)
<a href="http://www.isbe.org.uk">www.isbe.org.uk</a>	The Institute for Small Business and Entrepreneurship (General reference)
<a href="http://www.forbes.com">www.forbes.com</a>	Forbes (Articles)

### Links

This unit links to the following related units:

*Unit 8: Innovation and Commercialisation*

*Unit 9: Entrepreneurial Ventures*

*Unit 27: Identifying Entrepreneurial Opportunities*

*Unit 28: Launching a New Venture*

*Unit 29: Managing and Running a Small Business*