University of Oxford
Centre for Entrepreneurship and Innovation
Saïd Business School

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Evaluating a Venture Idea

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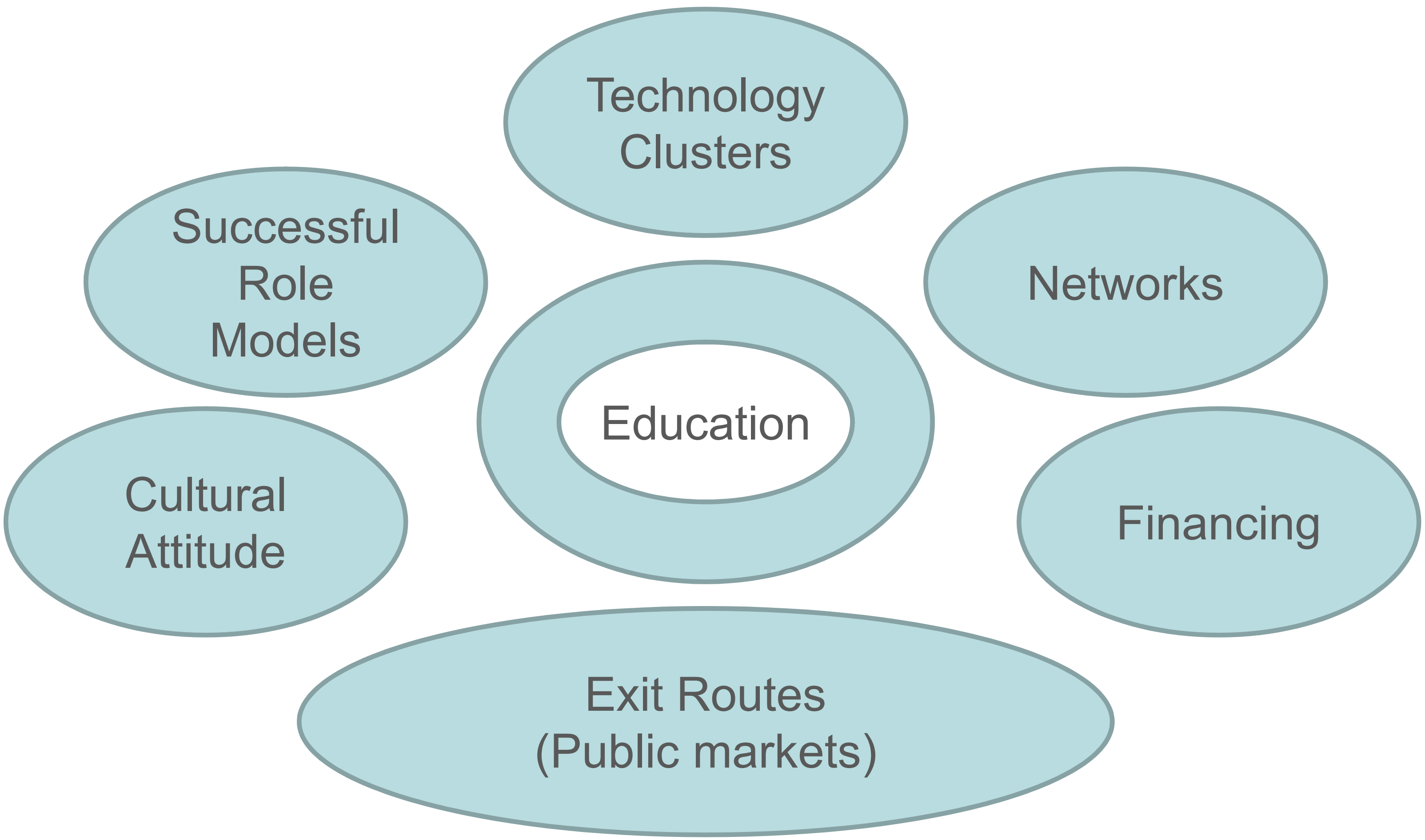
Enabling Environment for Entrepreneurship



A definition

Entrepreneurship is....

"The pursuit of opportunity beyond the resources currently controlled."

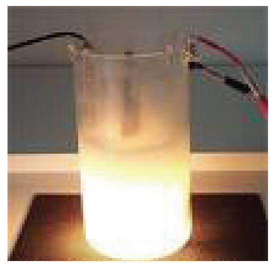
Prof Howard Stevenson
Harvard Business School

Ideas and Opportunities

Ideas are NOT the same as *opportunities*

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

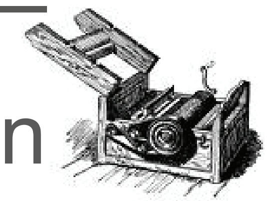
Ideas are NOT the same as *opportunities*



Ideas

Cold Fusion

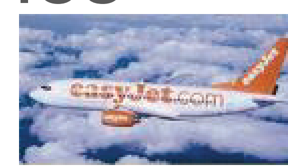
Cure for Cancer



Opportunities

Cotton Gin

Budget Airlines



Unclear

Twitter

Clean Coal

Another Definition

Entrepreneurship is....

"Shaping and exploiting opportunities
where others see
challenges or chaos or contradiction"

John Bates
London Business School

Entrepreneurial ⟷ Managerial

Entrepreneurial		Managerial
	Strategic Orientation	
Opportunity	⟷	Resources
	Commitment to Opportunity	
Revolutionary	⟷	Evolutionary
	Commitment of Resources	
In stages	⟷	Up front

Opportunity focus		
High	Entrepreneur	Entrepreneurial Leader
Low	Inventor	Trustee
	Low	High
	Managerial Skills	

Where do OPPORTUNITIES come from?

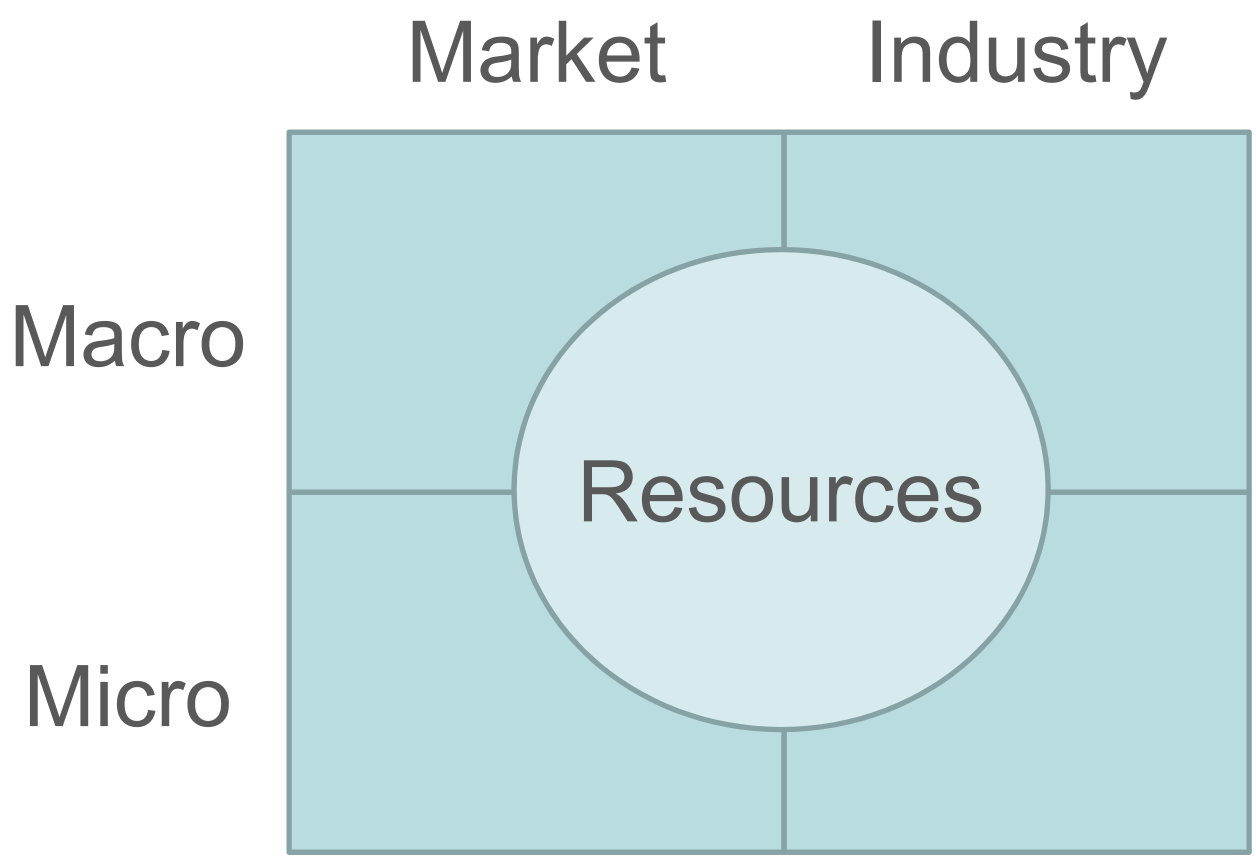
1) **Large scale trends**
   Observable, Substantiated, Sustainable, Legitimate

2) **Experience or Observation**
   Fix something broken

3) **Research**
   Clear, unmet demand

4) **Adapt, Replicate or Modify**
   Something successful elsewhere

Evaluating Opportunity



Market *vs* Industry

What’s the difference?

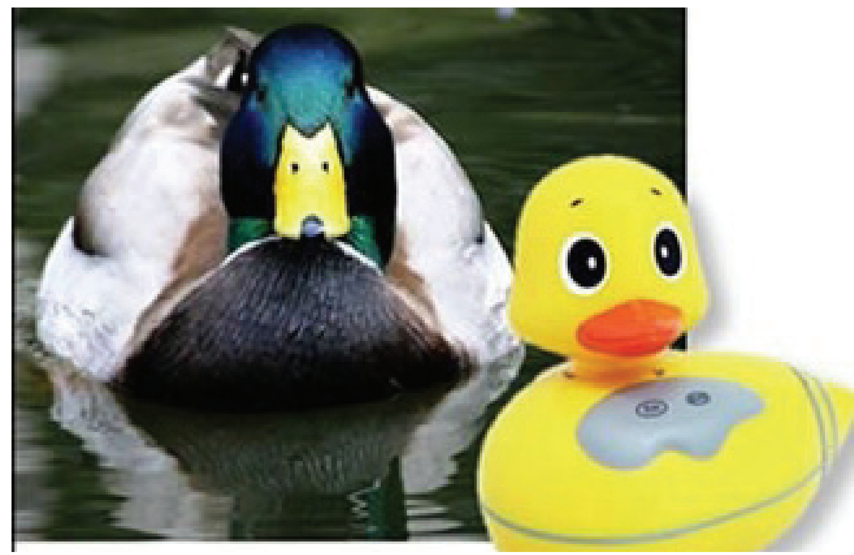
Market	Industry
Demand	Supply

The Field of Dreams Myth

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

The Myth of No Competition

There is ALWAYS competition, or a substitute.



Information for Evaluating Opportunity

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

A checklist

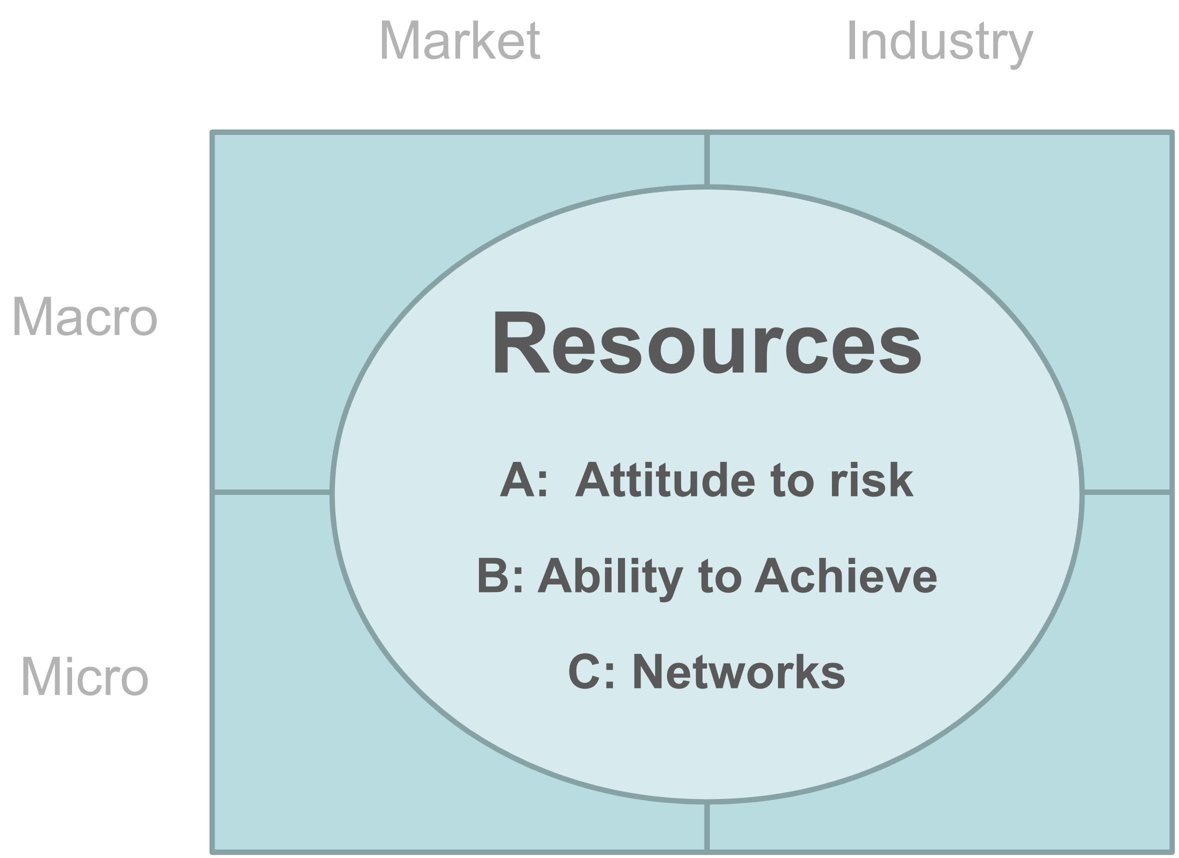
Marco-Market
- Overall market size (#) and growth rate (%)
- Trends to asses future size and growth

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



Entrepreneurial Attitudes

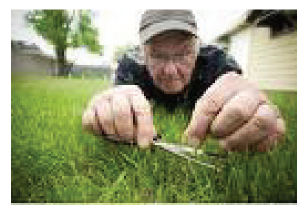
Entrepreneurial leadership ***is***:

- Total commitment, determination, perseverance
- Desire to achieve and grow
- Opportunity focus, instead of risk focus
- Accepting responsibility (internal locus of control)
- Independent sense of identity
- Decisive and also patient

Non-Entrepreneurial Attitudes

Entrepreneurial Leadership ***is not:***

Trait	Action
Invulnerability	Unnecessary Risk Taking
Machismo	Proving oneself
Irresponsibility	Passing the buck
Anti-Authoritarianism	Not listening
Perfectionism	Paralysis
Impulsiveness	Not analysing
Omniscience	De-motivating a team



How entrepreneurial are you?

Skills: Can you?

- Tolerate uncertainty, ambiguity and risk
- Build and lead a team
- Deal with failure
- Seek and use feedback
- Persistently solve problems
- Take a long term view
- Look back only to learn

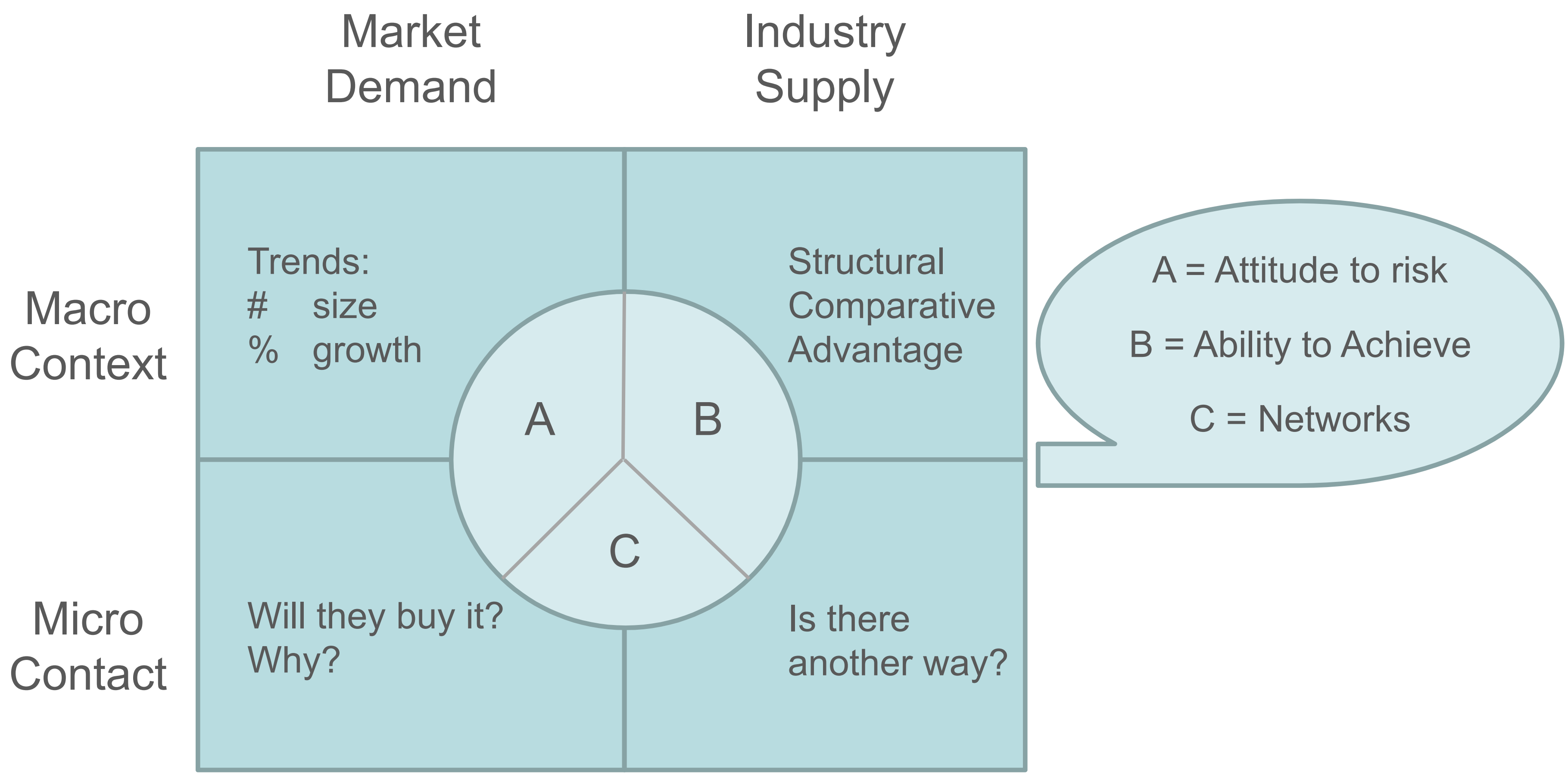
Aptitude: Are you?

- Collaborative
- Team orientated
- Visionary...
- ...and analytical
- Possibility focused

Pre-disposing factors: Have you?

- Role model
- Sales experience
- Budget responsibility
- Industry experience
- Ability to see patterns where others see chaos

Assessing Opportunity



John Mullins
The New Business Road Test (2007) FT-Prentice Hall

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