

OPPORTUNITY-CENTRED ENTREPRENEURSHIP

DAVID RAE



SECOND EDITION

OPPORTUNITY-CENTRED ENTREPRENEURSHIP

Opportunity- Centred Entrepreneurship

DAVID RAE

2nd edition

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Preface

■ What Does This Book Do?

Creating, recognising and exploiting opportunities are at the very heart of entrepreneurship. This book aims to help you to develop the entrepreneurial skills, awareness and mindset to find, create and develop opportunities. Taking ‘opportunity for life’ as its central idea, it proposes that entrepreneurship is a skill-set which can be learned, so that everyone can learn and develop enterprising skills and behaviours, if they wish to.

Whilst not everyone wishes to become an entrepreneur, the book does propose that enterprising skills are valuable for everyone, whether their life goals are concerned with business venturing, building a career in employment or in other areas. We all need to be able to find, select and work on opportunities, whether at work or in other aspects of our lives. The book provides ways of seeing the world which generate opportunities, ways of developing a wide range of enterprising skills which can be applied in many different environments and tools and techniques which can be used to create, select, plan and make opportunities happen. It also includes stories and examples of entrepreneurial people and organisations which show what can be achieved.

■ What Is Opportunity-Centred Entrepreneurship?

Opportunity-Centred Entrepreneurship describes the human activities which we use in thinking, learning, decision-making, working and managing in entrepreneurial ways. Thinking and acting as an entrepreneur are real-world learning processes through which people can develop the skills and confidence to recognise, create and act effectively on opportunities.

Opportunity-Centred Entrepreneurship is an active learning process which is stimulated by such fundamental motivations as curiosity, desire and the intentions to find out and achieve results. People may use this approach intuitively, without being aware of it, yet it can be learned consciously and the abilities enhanced. Opportunity-Centred Entrepreneurship enables people to identify, discover and explore opportunities, to select and make decisions

on them, to relate them to their personal and social goals and to plan and work with others to act on and accomplish them. This is active learning through discovery, achieved through working with other people.

Opportunity-Centred Entrepreneurship is an integrative approach which connects entrepreneurship with creativity and innovation, and through which people can recognise their world as an opportunity-rich environment. In this world we all face the constant challenges of investigating, making sense of, responding creatively to, selecting and acting on opportunities. Opportunity-Centred Entrepreneurship helps people create new reality by doing new things and acting as innovators: to create new ventures, experiences, products, services and multiple forms of value.

This approach to entrepreneurship is innovative in several ways. The book makes a distinctive contribution by focusing on people at the centre of entrepreneurial action. It concentrates on the human interaction in generating ideas, opportunities and business ventures. It is not dominated by academic subjects such as business studies, economics or psychology, although these are used as important resources to help explore and act upon opportunities and business ventures.

■ Who Is the Book for?

The book is written for you, if you wish to enhance your knowledge and skills in entrepreneurial thinking and working, either from an academic or practitioner perspective. It is especially intended for use in entrepreneurship and enterprise teaching, at undergraduate (especially final year) and postgraduate levels. It is designed to be useful in courses and modules including, for example, enterprise, entrepreneurship, new venture creation, creativity and innovation, small business management, social enterprise and corporate entrepreneurship. It also aims to help practitioners such as managers in business ventures or larger organisations to develop their entrepreneurial skills.

Students from non-business subjects such as sciences, creative and applied arts, design, technology, tourism and sports are increasingly opting to study an enterprise, entrepreneurship or small business management course or module, and the book is intended to appeal to their interests too. It does not require prior knowledge of other business subjects. So if you are in one of the groups described here, the book is intended for you:

- students, especially on final-year undergraduate entrepreneurship courses
- students on postgraduate and post-experience courses in entrepreneurship
- start-up entrepreneurs in university and other business incubators
- people changing career or in mid-career (roughly mid-30s to mid-50s) who are considering self-employment
- managers and personnel within organisations (including corporate and public sector organisations) focusing on innovation, new opportunity and business development

- social entrepreneurs and community activists developing new forms of economic and social activity
- readers with a general interest in opportunity creation and exploitation.

The book is specifically intended to appeal to an international readership, both to students who are studying in the United Kingdom and those studying in other countries.

■ What Can You Get from Reading the Book?

You may wish to read this book for your personal direction, interest and motivation. In addition to its role as an academic course text, these are the aims of the book.

Firstly, to enable you as the reader to consider yourself as an entrepreneurial person, and to enhance your skills, confidence and capacity to act in entrepreneurial ways. It aims to build skills, confidence and entrepreneurial ambition in your career. Enterprising skills can be applied in employment as well as in creating new business ventures, so you can definitely benefit from the book if your aim is to enhance your career development and employability. The book can help you to challenge and go beyond your normal boundaries, by exploring new frontiers of skills, confidence, culture, types of venture, technology, resources or geography.

Secondly, by taking a ‘practical theory’ approach, the book aims to connect the theory and practice of entrepreneurship in useful ways which can be applied in the real world. So you are encouraged in the practical activities to try out and explore ‘what works’ for you, how and why.

Thirdly, to use the concept of Opportunity-Centred Entrepreneurship as an approach which enables you to accomplish the first two aims, and to access and use a range of ideas, tools and techniques, skills and insights in a structured yet flexible way.

Fourthly (probably the most important) to enable you, the reader, to achieve your personal objectives, which may be concerned with passing a course module successfully, planning an entrepreneurial project and making it happen or gaining a new career direction. Hopefully you will take away from the book more than you anticipated.

■ Note for Enterprise Tutors

Your role is vital in helping readers to gain the maximum benefit from the book. It is designed to help you as a teaching resource and can be used very flexibly to support your course or module. The revised tutor website provides guidance on using Opportunity-Centred Entrepreneurship as an educational approach, with reference to the related methods of teaching and learning. This emphasises an active and discovery-based approach to learning, in which students ‘feel the enterprise experience’ to learn collaboratively through practical activities, supported by tools and techniques, concepts, frameworks, examples and case studies. This is broadly similar to such approaches as problem-based, inquiry-based and action learning, with which you may well be familiar. The website includes a range of learning, teaching and support resources and materials, including a set of presentations for a full course on entrepreneurship.

Acknowledgements

Thanks are due to the many entrepreneurial people and learners who have contributed to this book, and who often unknowingly provided inspiration.

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To Roz, for her encouragement and dedication.

Part I

Personal Enterprise

Opportunity-Centred Entrepreneurship

1

Chapter Contents

- Introduction to the book
- What you will find in the book
- Definitions: what do we mean?
- Entrepreneurship in the new era
- Why do we need to get better at creating and working on opportunities in the new era?
- Connecting learning with opportunities
- An outline of Opportunity-Centred Entrepreneurship
- How can the book increase your understanding of entrepreneurship?
- Critical questions to consider from this chapter
- How to use this book

■ Introduction to the book

Welcome. This chapter introduces you, the reader, to the approach taken in this book. It explains why entrepreneurship matters and shows how it connects with related subject areas. It also provides a plan of the book and a ‘routemap’ of how to get the best from reading it or using it as a resource as you work on opportunities. By reading the chapter, you should be able to accomplish these learning goals:

- to become familiar with the basic terms, concepts and definitions used in the book
- to recognise the critical role of entrepreneurship in our changing world
- to become familiar with the structure of the book, and how to use it to achieve your goals

- to reflect on and identify learning goals for what you want, and can expect, to learn from the book.

The first edition of this book was published in 2007, and since then there have been far-reaching and continuing changes in the world economy and society, which have major implications for entrepreneurship at an international level. These are summarised in a section titled 'Entrepreneurship in the New Era' in this chapter. The entire book has been revised and updated to take account of this new era and to introduce approaches to help the reader to succeed in it.

■ What you will find in the book

This book is about opportunities and their central role in entrepreneurial learning. It is designed to help and encourage you to find, explore, develop and try out ideas, opportunities and techniques for working on them. You will be able to select and make decisions on opportunities, to plan and act on them and accomplish your aims. You will be able to relate them to your own goals, interests and motivations, and by doing this to enhance your thinking, skills, confidence and experience as an entrepreneurial person.

Each chapter of the book starts with learning goals which suggest what you can expect to learn from the chapter and help you decide how relevant this is to your learning needs and goals, such as the course you may be following. Each chapter includes activities, such as short questions and practical exercises. These are designed to stimulate entrepreneurial thinking and learning, and to help you accomplish the learning goals for the chapter. They aim to help you to 'feel the enterprise experience' and to develop your enterprising skills and thinking patterns, or 'entrepreneurial mindset'. It is easier to skip past the activities and just read on – but this will not develop your skills and awareness, because enterprise requires *learning by doing* and practice, not just reading. The activities can be done by self-study, by working on your own opportunities, or as small group activities in a class. Ideally, you will identify one or more opportunities to work on and develop as a project to give your learning experience a focus and meaning as you read the book. Even if these seem small, that does not matter – you can gain experience and confidence by working on a personal project which interests you as a 'micro-enterprise'.

At the end of each chapter there are critical questions to help you reflect, review and consolidate what you have learned and think about how you could apply it, so that you really own your learning and are able to use it.

Wealth warning

Some of the activities will ask you to do things which may be new and unfamiliar. Being enterprising is about 'going into the unknown', experimenting and trying out new ideas.

Some activities ask you to work on real-life opportunities which you will choose. So there is a risk that you may enjoy and have fun with some of these activities! You may even make some money or possibly lose a little money! Sometimes, being enterprising means trying out new approaches which take you outside your 'comfort zone'. The biggest investment you will make is in your time and effort, and the return on this should be in developing your experience, confidence and capability as an enterprising person. None of the activities should place you at any personal risk to your safety, and all should be carried out entirely within the law.

■ Definitions: what do we mean?

It is important to understand the key ideas and concepts used in this book, so that we know what we are talking about when we use them. For this reason, here are short definitions to introduce and explain the main concepts in the book.

- *Enterprise*: is the application of creative ideas to practical situations. Everyone is capable of being enterprising. So when people show enterprise, it means they are using the skills, knowledge and personal attributes needed to apply ideas and innovations to practical problems and situations. These are generic capabilities which include taking the initiative, independence, creativity, problem solving, identifying and working on opportunities, leadership and acting resourcefully to effect change. These are explored more fully in Chapter 2. The term 'enterprise' is also often used to describe a small or new business venture.
- *Entrepreneur*: a person who acts in an enterprising way, and who identifies or creates and acts on an opportunity. This can be in any situation, an example being by starting a new business venture or a social enterprise.
- *Entrepreneurship*: the ability to turn ideas into action; the subject of enterprise and entrepreneurs, encompassing both practical and conceptual knowledge, skills and techniques used in being an entrepreneur.
- *Entrepreneurial learning*: learning to work in entrepreneurial ways, through recognising and acting on opportunities, as a natural process which can be applied within both everyday practice and formal education.
- *Entrepreneurial management*: applying entrepreneurial practices to the organisational environment, including self-employment, new venture creation and small business management, and managing in enterprising ways in corporate, public and social organisations of all types and sizes. Entrepreneurial management is the application of enterprising capabilities in different organisational settings and at differing levels.
- *Opportunity*: an opportunity is 'the potential for change, improvement or advantage arising from our action in the circumstances'. An opportunity is a situation in which *new value* can be created. There are multiple forms of value. These include not only financial and economic, but also social, environmental, creative and technological. The entrepreneur's role is to create value through working on opportunities.

Casson (2003) defined entrepreneurial opportunities as ‘those situations in which new goods, services, raw materials and organising methods can be introduced and sold at greater than their cost of production’. Shane (2003) defined them as ‘a situation in which a person can create a new means–end framework for recombining resources that the entrepreneur believes will yield a profit’. Both of these are only definitions of profit opportunities. This book takes a broader definition, in that the pursuit of profit is an important factor in but not the sole determinant of entrepreneurial opportunity. Entrepreneurship is about the creation of new value, which takes multiple forms, financial value being only one. Improvements in social, cultural, health and environmental arenas are also important, especially for social entrepreneurs and entrepreneurial managers in public sector organisations, as well as ‘mainstream’ entrepreneurs. Social enterprise features in the book as becoming an integral aspect of entrepreneurial activity, in which the returns are reinvested for social benefit.

The opportunity may be a situation which already exists, or one which we create and which would not otherwise have occurred. So it may be an opportunity, one which we can actually recognise now, or one which can be created or will arise in the future. Types of opportunity for creating value may include, for example,

- a ‘gap in the market’ for a product or service;
- a mismatch between supply and demand;
- a future possibility which can be recognised or created;
- a problem that can be solved, for example, by finding and applying a solution to a need;
- a more effective or efficient business process, system or model;
- a new or existing technology or approach which has not yet been applied;
- the potential to introduce something that works in one situation, such as a product, process or business concept, into another market or to make it generally available;
- a commodity or experience people would desire or find useful if they knew about it.

These types of opportunity will be explained in Chapter 4.

Enterprise involves using creative thinking, behaviours and skills to come up with new ideas and concepts. To innovate is to translate those ideas into practical solutions such as products or business models and to implement them, thus acting on the opportunity and causing change. Entrepreneurs recognise problems and unsatisfactory situations, then find ways of changing them, by seeing the potential of ‘what could be’ and acting to make it happen. Every person has this innate capacity for thinking and acting creatively, and as they grow up this may be encouraged and developed, or it may be stifled and constrained. Creative skills are explored further in Chapter 2.

The first activity asks you to think about your approach to enterprise. Everyone can be enterprising and can enhance both your own life and the lives of others through developing enterprising capabilities. Being enterprising is a way of thinking and being in the world as part of everyday life. The aim of this activity is to relate examples from your own experience to the key ideas in the book.

Activity

1. Are you an enterprising person? Can you think of examples from any situation when you have applied a creative idea to a practical situation, or acted in an enterprising way?
2. Can you think of an occasion when have you used your creative skills to invent or do new things?
3. Have you ever 'spotted an opportunity'? What did you do about it? Did you act on it? If not, what stopped you?

You may come up with quite 'small' examples from your experience or major ones; the scale does not matter, but the realisation that you are an enterprising person, in your own way, is important.

■ Entrepreneurship in the new era

In late 2008 the Western world economies were hit by banking and financial crises which almost caused a systemic collapse of major banks. It led to an economic downturn of major proportions which had worldwide effects and continued well into the next decade. It affected the context for entrepreneurship and the lives of almost everyone reading this book, so some awareness is needed of its implications for entrepreneurship. Firstly, entrepreneurship was one of the causes of the financial crisis. Secondly, the nature of entrepreneurship and its role in economy and society is changing as a result of the crisis. Both these assertions are debatable, and may not be accepted by all experts, but they are important.

Misplaced entrepreneurship, in the form of short-term mis-selling of financial products such as mortgages and complex derivatives, an obsession with short-term profit-seeking to the exclusion of other factors and inadequate regulation, characterised important parts of the financial, banking, property and other markets in the United States and other major economies, such as the United Kingdom, in the period of economic growth which ended with the first collapse of confidence in these markets during 2007. This 'irresponsible entrepreneurship' was funded by debt (borrowed money) and as the value of the assets plunged, it destroyed rather than created value. The resulting 'bad debts' became a major problem not just for banks but for entire countries and financial systems, such as the Eurozone in particular. These issues have been ably explored by writers such as Krugman (2008) and Kaletsky (2010). The wider effects, accompanied by other economic, social and technological shifts, have produced what we can term the 'new era' for the entrepreneurial economy (Table 1.1).

These effects, as well as causing a major recession which affected all businesses, made finding finance and lending to entrepreneurs much more difficult. Also, they led to cultural changes in the way people view certain types of entrepreneurship. It became apparent that many major banks were not operating in the interests of society, national governments, shareholders or customers, but simply for the self-enrichment of entrepreneurial senior managers and deal-makers. An example was the case of the hugely rewarded Bob Diamond, chief executive of Barclays Bank, who was forced to resign after his complicity in Barclays in 'rigging' the inter-bank lending rate (LIBOR) during the 2008 crisis was exposed.

Table 1.1 The new economic era (Rae, 2010)

| |
|---|
| Economic uncertainty and volatility in international markets |
| Lack of confidence in financial institutions, economic recovery and growth |
| High levels of personal, public and national debt |
| Constrained public spending limits state intervention and investment |
| Faster-growing Asian nations outstrip growth in Western-developed economies |
| Rising energy, commodity and food costs |
| Few jobs created by public and corporate organisations |
| High levels of youth and general unemployment |
| Entrepreneurship has a dynamic role in creating new activities |

Table 1.2 Characteristics of old and new era entrepreneurship (Rae, 2010)

| 'Old era' entrepreneurship | 'New era' entrepreneurship |
|---|---|
| Individual self-interest | Individual-team leadership |
| Free-market capitalism | Networked and collectivist |
| Opportunity pursuit regardless of resources, ethics or consequences | Socially connected and inclusive |
| Business driven by short-term financial profitability and growth | Ethically responsible |
| Value creation solely financial | Opportunities create multiple forms of value: financial, creative, social, ecological |
| Exploits and wastes resources | Sensitive to resource stewardship, conservation and re-use |
| Exclusive role models of 'the entrepreneur' | Economically and environmentally sustainable growth |
| Founded on masculine attributes of aggression, power, competition | Feminine values: relational, collaborative, intuitive |
| Fuelled by debt | working complement masculine attributes of competition |
| | Grassroots enterprise and resourcing |

The excesses of such irresponsible, value-destroying entrepreneurship may be inescapable within the capitalist economic system, but they raised the issue of ethical behaviour and wider social responsibility of entrepreneurs within it. There have been many calls from politicians for 'responsible capitalism' in the United Kingdom. Also, where parts of this system do not work effectively, such as where there is 'market failure', an example being the supply of finance for smaller firms and first-time homebuyers, then there is a need for entrepreneurial innovation to address it. But the pursuit of profit alone is increasingly not the sole driver.

Prior to 2007, the development of social enterprise and entrepreneurship was growing rapidly; it is now firmly in the mainstream. Increasingly, entrepreneurs are expected (and expect) to work in socially responsible and also environmentally sustainable ways; to create social as well as financial value; and not simply to pursue individual self-enrichment. So alongside the new era, there is the emergence of new kinds of entrepreneurial behaviour. Table 1.2 intentionally simplifies this as the development of more diverse patterns of inclusive entrepreneurship for the new era alongside the individualistic model of 'free enterprise' which characterised the old era. There continues to be a tension between the individualistic, free-enterprise model and the socially accountable approaches which characterise the new era.

Example: Innocent

Innocent started as ‘three friends with one idea’ selling pure fruit smoothies in 1998 and became ‘Europe’s favourite little juice company’. Working to change industry norms, the company develops innovative new recipes and sustainable packaging with a distinctive style.

Its strategic framework includes ‘wonderful drinks, robust supply, a great team, a trusted brand and customer growth’. Launching new product ranges helped to boost sales 92% a year from £10.6m in 2003 to £113m in 2008. Innocent aimed to be the world’s first sustainable food business and has won many business awards.

Innocent has strong values of environmental sustainability, ethical trading and producing fresh fruit drinks with no additives. They recognised growing customer concerns about food additives, preservatives and artificial ingredients added by corporate producers, especially in food and drink for children. The norm in the industry was to increase shelf-life through additives and Innocent acted against this trend by producing short-life drinks without additives.

Innocent involves the customer, the consumer, fruit growers and others as partners in creating, producing and distributing their drinks. Exotic fruits such as acai berries are sourced through fair trade agreements with growers and they work with the Rainforest Alliance. As a permeable organisation it is open and attractive to customers, interest groups and children contacting them and interacting, both through their website and in other ways. Its products are distributed and sold by major cost-driven retailers including Asda and McDonalds, and across 13 European countries, enabling it to reach the mass market.

Innocent maintain a consistent approach to their image and to the purity and quality of their drinks. Combined with this integrity is a culture of creativity, in which people have fun, are empowered to turn ideas into products and work effectively in teams. They work informally but very effectively to address opportunities, solve problems, create and launch successful new products which outpace competitors. They employ 268 people, staffing having increased by 900% over 5 years. 10% of their profits are donated to charity, mainly via the Innocent Foundation, which supports projects primarily in countries from where Innocent sources its fruit.

In 2009 Coca-Cola invested to buy up to 20% of Innocent, a move which brought controversy and scepticism that the founders had abandoned their principles. The corporate backing enabled further expansion in European markets, doubling in size and increasing their charitable work. Coca-Cola steadily increased their shareholding to 58% in 2010 and in 2013 to over 90%, enabling the business to grow whilst the founders retained minority stakes and stepped down from running the business.

Founder Richard Reed commented:

Innocent has flourished since our deal with Coca-Cola, they have been hugely supportive of our mission of getting natural, healthy foods to more people and have been 100% committed to protecting our brand and the values it stands for. Importantly for us, the business will be run by a home-grown innocent team in the same unique innocent way, with the founders remaining involved to support the business in the years ahead. (www.innocentdrinks.co.uk)

Questions to think about:

- Do you think Innocent can maintain its principles after selling 90% of the business to Coca-Cola?
- Does the ownership of the business affect your perceptions of its values?

■ Why do we need to get better at creating and working on opportunities in the new era?

Being aware of opportunities is central to developing and learning entrepreneurial behaviours. This focus on opportunity at the heart of entrepreneurship is important, because opportunity recognition has been the subject of increasing academic study in recent years (e.g., Shane, 2003). Entrepreneurship literature increasingly views the subject as being connected closely with the concept of opportunity. McMullen et al. (2007) commented that ‘a fog of uncertainty still remains around the topic of entrepreneurial opportunity’, but whilst they recognised the centrality of opportunities to entrepreneurship, they failed to note that the human capacity for learning is an essential dimension in creating and acting on opportunities.

The recognition, creation and exploration of opportunities in practical ways will be explored in part II of the book. People need to become skilled in selecting, assessing and working on opportunities for these vital reasons.

- At a worldwide, macro level, there is a growing list of social, health, economic and environmental problems, including increasing shortages of water, food, energy, materials and other resources as the world population increases. Opportunity-oriented thinking and innovation are required to generate and implement new, workable and environmentally sustainable approaches which can help to address the challenges of population growth and their expectations when faced with limited resources. These can create economic growth and more efficient means of production and resource management to increase wealth and employment, such as moving from subsistence farming to commercial production. The alternatives are resource grabbing, conflict, poverty and famine.

- There is a need to re-energise societies to recover from economic depression and to overcome disadvantages, at national government and international levels, as well as at regional, local and community levels. It is significant that multinational organisations such as the United Nations, European Union (EU), Organisation for Economic Co-operation and Development (OECD) and the World Bank all emphasise the development of enterprise education, entrepreneurial societies and culture as a means of creating economic growth, change and social renewal. However there is often a gap between their policy rhetoric and taking effective action to achieve change.
- Regional and community economic development in both urban and rural areas is a priority in many countries, where major challenges such as de-industrialisation, the closure of old or uncompetitive industries, agricultural decline and poverty result in the need to grow economic activity and employment from new businesses and social enterprises. This is a major factor in Europe and in de-industrialised regions of North America, for example.
- The rate at which new knowledge is translated into business innovations and practical solutions is both lower and slower than it could be, because there is a lag between the creation of new knowledge and the rate at which it is adopted. Europe has lower and slower rates of productivity of its science and knowledge base and conversion of research into commercial technology and innovation than the United States, whilst India and China are accelerating their abilities to do this.
- The failure and closure rates of small business ventures within three years of starting remain consistently high, for example, within the United Kingdom. This suggests that entrepreneurs often do not develop the skills to identify the optimal business opportunities, cannot obtain investment or are unable to manage their response to business problems and opportunities, which are all required to enable the venture to survive and grow.
- The continuing decline in employment and career opportunities within big organisations, including state-owned firms, increasingly requires people to achieve their social and career aspirations through self-employment, entrepreneurship or working in small firms. The growing number of graduates looking for 'corporate' career opportunities need to develop skills of personal enterprise to get started, increasingly in smaller companies or through self-employment.
- Demographic changes and the reducing role of the state create the need for people to extend their working lives, to establish new careers and to find ways of caring for the increasing ageing populations in many developed countries.
- Many groups of people in all societies experience inequality of opportunity, disadvantage and discrimination, resulting from such factors as ethnicity, disability, geographical location, gender and family responsibility, including motherhood and age. This represents an underused resource of 'human capital'.
- In contrast, there is an increasing global concentration of wealth within an elite group of 'super-rich' individuals and families. Some are successful entrepreneurs and wealthy business owners; there are media and sports superstars; others have acquired wealth through oil revenues or in more questionable ways. A global priority is to find ways to attract the owners of this wealth to invest in value-creating projects which address some of the challenges identified in this summary.

Example: The Bill & Melinda Gates Foundation

The Bill & Melinda Gates Foundation was set up by Microsoft founder Bill Gates and his partner Melinda as ‘impatient optimists’ in 1994 to help all people lead healthy, productive lives. In developing countries, it focuses on improving people’s health and giving them the chance to lift themselves out of hunger and extreme poverty. It takes on the toughest challenges in global development and health programmes, such as the elimination of malaria in sub-Saharan Africa, and the extension of educational opportunities to children in deprived communities in both the United States and other countries. It has invested over \$26 billion in its first 17 years and is an outstanding example of how applying entrepreneurial innovation principles and investing the returns from business success back into grassroots development can achieve huge gains:

The relatively small amount of money invested in development has changed the future prospects of billions of people—and it can do the same for billions more if we make the choice to continue investing in innovation. (Bill Gates, January 2012; <http://www.gatesfoundation.org>)

These are examples of the reasons why identifying, creating and developing opportunities is a concern of strategic importance in economic and social development. They are ‘macro’ issues, but they affect all of us, and are worth exploring in more detail than has often been the case in entrepreneurship literature. All of these challenging issues present major opportunities for change, because they show gaps between the current reality and future potential. They open up great potential for innovation and entrepreneurial action to provide solutions to the problems. First they require definition of the problems or unsatisfactory current situations and creative thinking to develop new initiatives and solutions. These solutions can create employment, reduce waste or conserve resources, improve the quality of lifestyles and generate financial income.

Activity

1. Choose an aspect of one of the following global macro issues that interests or concerns you most – you may have a direct personal experience.
 - shortages of food owing to changing climate, agriculture and price increases
 - increasing costs of carbon-based energy
 - growing populations with poor access to health care
 - loss of old industries and the jobs they provided
2. Define one small or specific aspect of the problem as you see it. Try using the following questions to do this:
 - What is the problem? What is the difference between the current situation and what you think the situation should be?

- What results or effects does this have on the people concerned?
- What factors cause the problem? How does it occur, what events take place?
- What is the scale or measure, e.g., how many people are affected?
- Who is causing, and who is affected by, the problem? How do those causing the problem benefit from it?

Just defining the problem in this way is a useful first step in order to identify its scope and scale and parameters for solving it. It is too simplistic to claim that such macro problems are capable of being solved easily, permanently or by one initiative. Rather than attempting to devise a solution yourself, the next step is to find out what is already being done to solve or cope with the effects of the problem. For this you will require Internet access to gather information on the problem.

3. Carry out an Internet search on the problem. Aim to find examples of innovative actions, projects or initiatives which are taking place to act on it. These might be by government, business, research or community organisations, for example. Start by using search tools such as Google or Wikipedia. You may also find the social and 'not-for-profit' entrepreneurship websites shown here and in the further reading section useful.

www.socialinnovationexchange.org/ (Social Innovation Exchange)

www.ashoka.org (Ashoka social enterprise network)

www.changemakers.com (Changemakers community for social innovators)

www.drucker.org (Peter Drucker Foundation for Non-profit Management)

www.globalideasbank.org (Global Ideas Bank)

4. Read and review the information you have gathered. What are the strengths and limitations of the initiatives you have discovered?
5. What opportunities can you see for initiatives to address and help to solve the problem you have identified? This may include learning from, replicating or expanding small-scale initiatives which already exist.
6. What benefits could one of these initiatives provide? How would these counteract the negative effects of the problem?

This activity has asked you to define one aspect of a problem and to research what is currently being done to address it. This investigation shows you can learn about the problem and also about current solutions. There is almost certainly more activity out there than you imagined. Once you know what is already being done, you can be more creative in extending, transferring or improving on these.

Example: Rising fuel costs

During 2011, the world price for crude oil rose past \$100 per barrel driven by demand, fears of supply interruption and anticipation that future resources would be insufficient. The price fluctuated but it became apparent that \$100 had become a benchmark value, with no sign that prices would fall significantly. Demand from Western and developing countries remained strong, with political instability in the Middle East and oil-producing countries accompanying a realisation that 'peak oil' production would deplete known oil reserves over the next 50 years.

Potential opportunities

- stop using oil for unnecessary transport and activities such as power generation where alternatives exist
- more economic oil use, for example, through smaller engine sizes and lean-burn technology
- extract oil and gas from shale as an alternative energy source
- improved energy conservation, lower emissions and better building insulation
- develop and use alternative energy sources, for example, solar, wind and wave power
- increased nuclear power generation
- hydrogen fuel cells
- bio-diesel production
- increased taxes such as road pricing and fuel duty to contain demand
- advanced logistics systems to gain greater efficiency and productivity from road, sea and air transportation by 'filling empty spaces'.

All of these are practical steps, although clearly none on its own is sufficient to resolve the problem. All involve innovation, by combining technology, resources and public policy in new ways to reduce energy use. Some have negative consequences, such as bio-diesel production affecting cereals for food consumption. Entrepreneurship is required to apply the innovation to the real-world problem, to produce both economic and other benefits.

■ Connecting learning with opportunities

How do we connect learning with opportunities?

The normal way of learning about subjects at school or college is curriculum-based. You may have had little choice about the way it was taught, the curriculum itself, the books, coursework or assessment method: it was imposed learning.

Now think of something you are interested in. Remember how you passionately learned all about it, by practical experience, reading, friends, TV and radio, the Internet and so on. People can become self-taught experts in subjects and skills such as sport, music, fashion, computers, gaming, technology applications or almost anything. This kind of self-motivated, self-directed informal activity we can think of as curiosity-inspired learning.

If we connect the ideas of opportunities and of learning about them, we can create this kind of inspired learning. This is a natural and social process which is stimulated by motivations of curiosity and desire to find out and accomplish things. This type of learning centres on recognising an opportunity, finding out about it, immersing ourselves in it, relating it to our personal and social being, planning intentionally to act on and accomplish it. We may do this much of the time, without realising it.

Recognising an opportunity is an act of learning. We may not be aware of this at the time, yet it creates new meaning at the moment of discovery. This is sometimes called the ‘ah-ha’ factor or ‘lightbulb moment’, and it will be explored further in Chapter 3. People tend to be curious about opportunities because they are novel, they may involve creative or unusual activity, they are future-oriented and positive and they offer the possibility of personal advantage, gain or growth. Learning about opportunities is similar to the instrumental learning people do to accomplish a desired goal or state. It recognises that achievement is an important motivation to learn, often more so than the desire to ‘learn for its own sake’.

Example: Innovative CRT recycling

The shortage of basic resources, coupled with the need to improve recycling of manufactured materials to reduce waste disposal, is providing increasing opportunities for environmentally oriented businesses. In the United Kingdom and Europe, strict regulations to restrict the dumping of electrical and electronic equipment have been introduced to prevent land and water pollution. However, as old-style cathode ray tube (CRT) televisions and computer monitors come to the end of their lives and are replaced by flat-screen technology, there is a need for environmentally sound methods of disposing of millions of glass screens, which contain heavy metals. Most of these methods are labour intensive and costly.

However an entrepreneur realised that a government-funded CRT manufacturing plant had closed, and that this had included an automated recycling facility for defective screens produced during the manufacturing process. Local authorities were keen to find a cost-effective means of disposing of life-expired screens without the additional costs of transporting them to mainland Europe.

Restructa Ltd created a new business to meet the demand for CRT recycling and opened a plant in Southern Scotland. This produces sand from the recycling process which can be used in golf bunkers and other applications. The business added IT equipment disposal and recycling or re-use and LCD panel repair and recycling into its services. These have reduced the dumping of toxic products, extracted value from recycling them and extended the lifecycle of the business as well as creating and safeguarding jobs in an unemployment black spot.

By using opportunity-centred learning, we can recognise the world as an opportunity-rich environment, in which we face the constant challenge of investigating, making sense of, selecting and acting on opportunities. We can both become more aware of existing opportunities and learn how to create new ones. We can also learn to be more effective in selecting which opportunities to work on, and in developing these into real ventures or projects. Opportunity creation and selection is at the heart of entrepreneurship and of developing enterprising skills. It means working in conditions of speed, uncertainty and competition, so learning to be effective in managing or adapting to these is vital. It means learning to think as an entrepreneur.

■ An outline of Opportunity-Centred Entrepreneurship

Opportunity-Centred Entrepreneurship is a learning process which developed from teaching students entrepreneurship, working with owner-managers of small firms to enhance their venture management skills and researching how entrepreneurs learn. After being developed during the 2000s, the approach has been shared with, adopted and adapted by many educators and learners at different educational levels and in many countries. It focuses on four interconnected themes, which are shown in Figure 1.1. These are essential to exploring and understanding an opportunity by relating it to personal (individual and group) interests and goals, planning to realise it and acting to make the opportunity happen. The book takes an action-based approach to these themes, introducing tools for thinking, planning and learning, and using case studies and connections with related conceptual material. The action-based approach means that the book will encourage you to identify a range of opportunities and apply decision-making skills and techniques to select and work on developing the most promising opportunities.

The reason for taking an action-based approach is that other texts inform people and help them to learn about entrepreneurship, enterprise and small business management. Allan Gibb, who pioneered new thinking in enterprise education in the United Kingdom, distinguished between learning *for* and learning *about* enterprise. To learn *for* enterprise it is necessary to learn through direct, practical, hands-on experience of doing it. This book will encourage you to find, explore, develop and try out ideas, opportunities and techniques for working on them, and by doing this to enhance your skills, confidence and experience as an entrepreneurial person. In doing this you will also understand and become more knowledgeable about enterprise. An important aim of the book is to enable the reader to relate theory

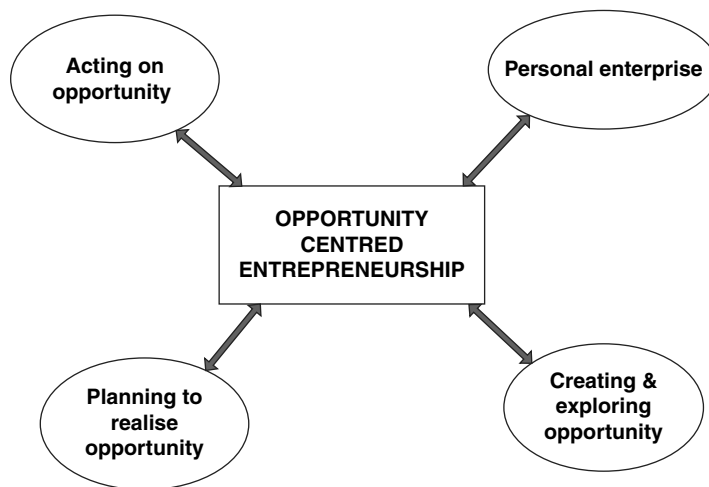


Figure 1.1 Opportunity-Centred Entrepreneurship