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CHAMBER OF COMMERCE & INDUSTRY TRANS



Balkan Med Interregional Innovation Ecosystem

for maturing and mainstreaming
innovative entrepreneurial ideas
in agrifood sector

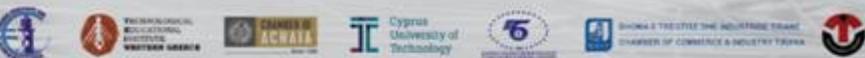
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Training Seminar of Module 13 – Opportunity Analysis Canvas

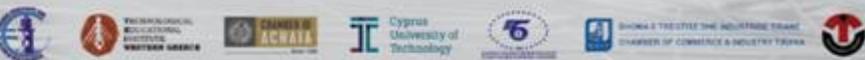
Introduction to the Module

- In the business context the term opportunity is referred to the potential to create a new venture.
- This can be a for-profit company, a non-profit company, a venture within an established company or organization, or any related venture that creates value for the customers and the owners of the venture.
- what is missing to helps us identify and analyze entrepreneurial opportunities. Why are so few students launching businesses?
- Through the structure of the course, the participants will discover how this question is answered by the concept and methodology of Opportunity Analysis Canvas.

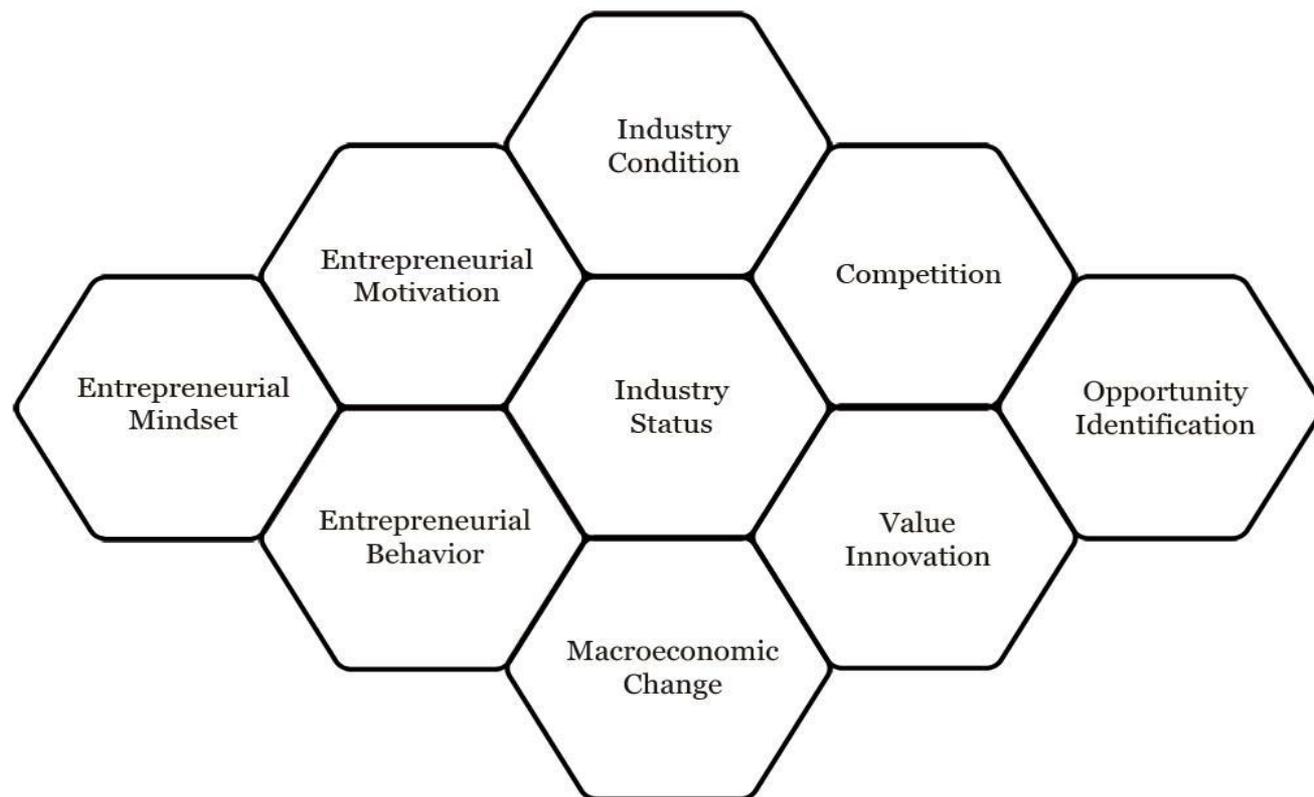


Introduction to the Module (2)

- The Opportunity Analysis Canvas is structured as a nine-step experience, the canvas is segmented into:
 - thinking entrepreneurially with an entrepreneurial mindset, entrepreneurial motivation, and entrepreneurial behaviour;
 - seeing entrepreneurially with industry condition, industry status, macroeconomic change, and competition; and
 - acting entrepreneurially with value innovation and opportunity identification.
- The Opportunity Analysis Canvas is based on an award-winning educator at the University of Maryland, Dr. James V. Green leads the education activities of the Maryland Technology Enterprise Institute, who identified that entrepreneurial opportunity analysis is a process that could be taught.



The Opportunity Analysis Canvas



The Opportunity Analysis Canvas (1)

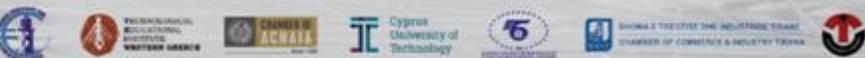
The Opportunity Analysis Canvas is a tool that will help the participant to identify business opportunities. Nine steps comprise it:

- entrepreneurial mindset,
- entrepreneurial motivation, entrepreneurial behavior,
- industry condition,
- industry status,
- macroeconomic change,
- competition,
- value innovation and
- opportunity identification.

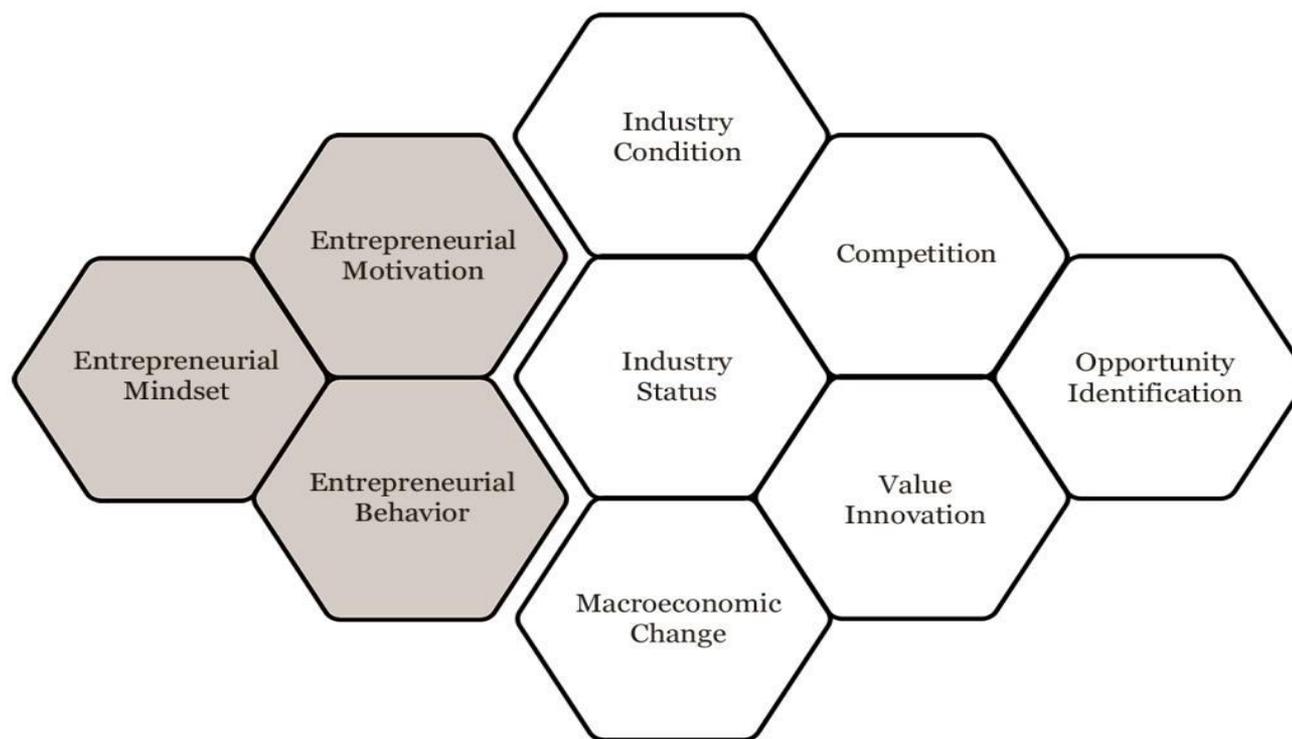
The Opportunity Analysis Canvas (2)

The nine steps are organised in three parts.

- *Steps 1 – 2: Thinking entrepreneurially.*
 - Thinking in business context is affected by three parameters, which are the individual mindsets, the motivations and the behaviors.
- *Steps 3 – 7: Seeing entrepreneurially.*
 - Seeing entrepreneurially requires the potential entrepreneur has a “big picture” perspective. This means that it recognizes and understands the economic forces impacting its ideas as well as industry and competitive factors that exist now and in the future.
 - Seeing entrepreneurially is affected by industry condition, industry status, macroeconomic change, and competition.
- *Steps 8 – 9: Acting entrepreneurially.*
 - By developing the abilities to think and see entrepreneurially, each person is better prepared to act and react. This requires attention to value innovation and opportunity identification. Through this, the entrepreneurial ideas can be transformed into action.



Part I - Thinking Entrepreneurially



Entrepreneurial Mindset

- It is quite important to recognize that the person, the entrepreneur, is at the significant part of the entrepreneurship context. Therefore, to understand the mindset of entrepreneurs is critical to understand how to develop and launch successful ventures.
- Entrepreneurs are typically optimists, who strive for success. They tend to be independent individuals, intensely committed to persevering in starting and growing a venture.
- While every entrepreneur is unique, there are common features in entrepreneurial mindset that they share. To understand this we focus on that entrepreneurial mindset, with attention to the five characteristics: **achievement, individualism, control, focus, and optimism.**

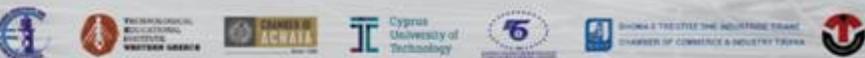


Entrepreneurial Mindset (1)

- *Characteristic 1: Need for achievement* is an internal decision of a person to confront problems or challenges aiming to deliver outcomes.
 - In summary, need for achievement is a key component of the entrepreneurial mindset. It's one of the five key components that we're going to analyze. It's motivating for individuals to pursue their new venture's success, and contributory to their success as entrepreneurs.
- *Characteristic 2: Individualism* is a key element of the entrepreneurial mindset. You may place a very high value on independence, freedom, and control. There may be a willingness, even a preference, to go against the norm.
 - High individualism is associated with an emphasis on individual initiative and a high need for achievement.

Entrepreneurial Mindset (2)

- Characteristic 3: Control is a key issue in the entrepreneurial mindset context. The key question that we need to answer is “Do you believe that you have control of your own destiny?”. In considering the question of your belief that you have control of your own destiny, we’ll deconstruct the term into two pieces: *autonomy* and *locus of control*.
 - With *autonomy*, we’re considering your freedom from the influence of others in decisions that you make.
 - Locus of control is either internally or externally oriented. Locus of control that’s internally oriented means that you believe, as an individual, that you are in control and able to influence your environment and its outcomes. Inversely, externally oriented means that you’re feeling subject to people and events, that you have minimal influence. You attribute fate or luck or other external factors to what caused certain things to happen.

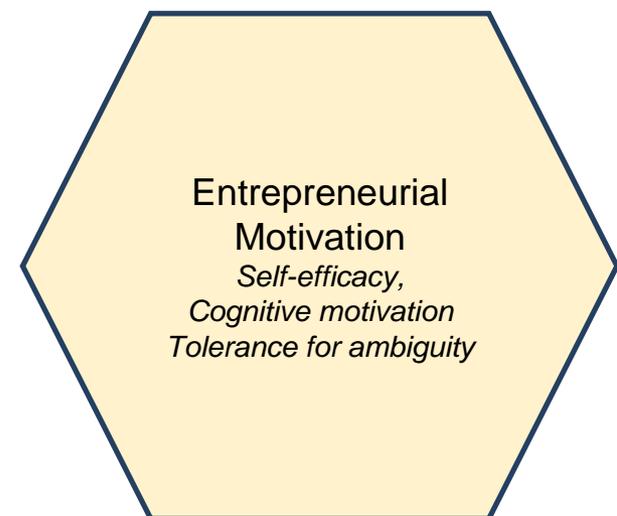


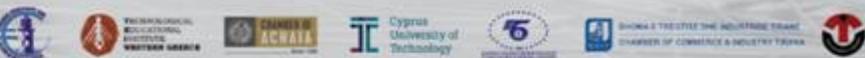
Entrepreneurial Mindset (3)

- Characteristic 4: Focus is a central challenge for entrepreneurs. Developing an ability to focus our time and energy is an important step to enhancing our entrepreneurial mindset. Our definition of focus in this context is concentration on a specific issue or task.
- Characteristic 5: Optimism is better measured by how other people see you. A textbook definition for being optimistic is to anticipate the best possible result. The optimum result. We'll modify this definition to include a "favorable" outcome that may not be the optimum result.

Entrepreneurial Motivation

- *Entrepreneurial motivation* encompasses the factors by which goal-directed behavior is initiated, energized, and maintained. For entrepreneurial strategic decision making, three factors are
 - self-efficacy,
 - cognitive motivation, and
 - tolerance for ambiguity





Do you have high self-efficacy?

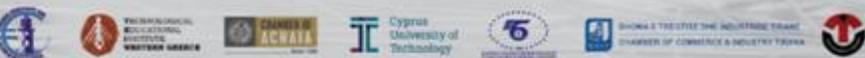
- Self-efficacy is your belief in your ability to accomplish a specific task. It intersects an element of mindset, as well as an element of entrepreneurial motivation.
- Self-efficacy differs from confidence in that self-efficacy is task dependent.
 - if you enjoy numbers, you think of yourself as a numbers person, your self-efficacy for dealing with financial matters is probably high.
 - If you fear public speaking, and you don't think you are effective as a public speaker, your self-efficacy for selling in front of an audience or marketing in front of a crowd may be low.
 - For this person, who may be generally confident, their self-efficacy is high in finance and low in sales and marketing.
- self-efficacy is a key predictor of individual performance in entrepreneurial endeavors. Now, for some of us it may be innate. For others it may be learned. For all of us, it can be improved.

Do you exhibit high cognitive motivation?

- The term cognitive, fundamentally it's the process of thought. When adding motivation to this term, we're addressing the question of do you enjoy problem solving? And do you use research and analysis to solve problems?
- Individuals with high cognitive motivation tend to seek, acquire, and analyze information. They're researchers. They're analytics.
- Individuals with low cognitive motivation typically rely on their experience, intuition, assumptions, and luck.

What are the benefits of high cognitive motivation?

- Individuals who have a higher need for cognitive motivation typically make better entrepreneurial decisions.
- If you don't like hard problems, if you expect to find the answers easily, or if you expect to have lots of precedence, then entrepreneurship is a hard way to go.
- If, however, you enjoy the challenge, you enjoy difficult problems, and you enjoy trying to make a puzzle fit even though you may be missing pieces, that's more aligned with the entrepreneurial path.
- when we think about cognitive motivation, I encourage you to pursue a high cognition approach of being detail-oriented and research driven in your problem solving, while leveraging the left brain elements of creativity and a holistic perspective.



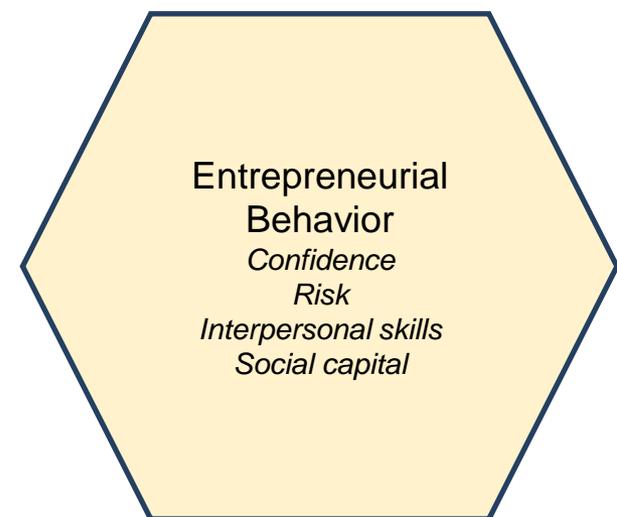
What is your tolerance for ambiguity?

- As entrepreneurs face many dynamic challenges, *tolerance for ambiguity* is surely an asset.
- Our definition of tolerance for ambiguity is the tendency to perceive ambiguous or unclear situations as acceptable, or even desirable, rather than threatening.
- The need for tolerance for ambiguity in entrepreneurship is clear, because markets change, customers change, competition changes, regulations change, and politics change.
- When you're dealing with many different changing forces, you need to be comfortable with experiencing the unexpected. And with that, you can make complex decisions relatively quickly with limited information.

Entrepreneurial Behavior

- Entrepreneurial mindset and motivation can only translate into action if *entrepreneurial behaviors* exist. While there are many behaviors that may be described as entrepreneurial, we'll focus on the four behaviors most critical to entrepreneurial opportunity analysis and action:

- *confidence,*
- *risk,*
- *interpersonal skills,* and
- *social capital.*

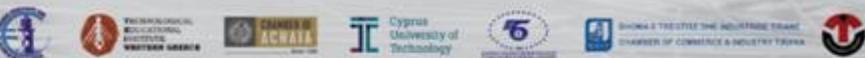


Do you have the confidence to attempt the difficult?

- There are many statistics on the failure rates of startups. You may hear that 10% of new companies survive.
- in a startup, nothing is going to happen unless the entrepreneur tries to make it happen
- *Confidence* is the belief in oneself or one's powers or abilities. Self-confidence, self-reliance, and self-assurance are related concepts. Confidence differs from self-efficacy in that self-efficacy relates to an individual activity. Confidence is a broader measure that generally applies to all tasks.
- self-confidence is an important tool within entrepreneurial behavior. You will miss every opportunity that you don't try. And while taking the advice of others, or going with the mainstream thinking, is the popular and easy thing to do, a high degree of personal confidence is required to be innovative.

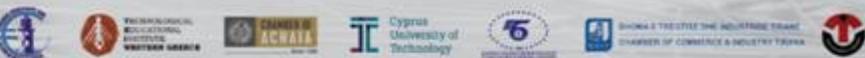
What is your risk tolerance?

- Risk is a concept that's commonly discussed in startup conversations. We're going to talk about the impact of *risk tolerance* on the success of new ventures.
- To define risk in our context, it's the potential for loss. It's loss of money. It's loss of time.
- There is also a risk in losing entrepreneurial opportunities. While loss of opportunity is a subjective assessment, the decision not to start a venture, or not launch a product, is a decision that involves risk of lost profit or lost success.
- Why do select individuals pursue new ventures? What's different about the risk that they see versus non-entrepreneurs? We all see risk differently.
- Our perceptions differ, and the risk perceptions differ between entrepreneurs and non-entrepreneurs. We may have a common risk tolerance, but what we see as risky differs.
- Risk is in the eye of the beholder. It's conceptualized based on our own assessment of the uncertainty, and our own consideration of the benefits and costs of an opportunity.



What is your risk tolerance? (2)

- Entrepreneurs are not inherently risk-seekers.
- We simply seek risk differently than non-entrepreneurs, and make an effort to mitigate it and put that into practice.
- Have that idea. Build a version—a simple version. Try it. Test it. Measure feedback. Look at your data. Learn from your data. Build it a second time. Iterate through these cycles as fast as possible to get to something that's sellable. Search for information as you're working through these steps.
- Minimize your investment and maintain your flexibility along the way.

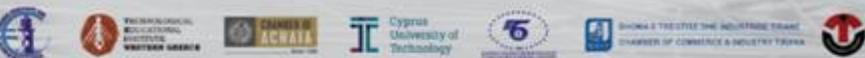


Interpersonal skills

- In spite of popular opinion that entrepreneurship is a solo sport, it's a team activity. Entrepreneurs spend their time with co-founders, partners, and employees. There's time spent with customers and investors. There's time spent with the press.
- In all of these elements, strong interpersonal skills are an asset for entrepreneurs.
- While interpersonal skills may be innate to select individuals, we can all improve our interpersonal skills through study and practice.
- To improve your interpersonal skills, think about communication, assertiveness, conflict resolution, and anger management.
- We also want to focus on building and maintaining relationships. I emphasize maintaining the most. It's easier to keep a relationship and to keep in touch with a friend or a contact than to make a new one.
- With today's online tools—LinkedIn, Facebook, etc.—it's very easy to stay connected. I encourage you to use those types of tools to stay connected to your networks, and connect to new networks.

Social capital

- To explore capital, we understand financial capital—money. We understand manufactured capital—something that’s built or made. There’s human capital—individuals and their talents and capabilities. There’s intellectual capital, which includes patents, trademarks, and copyrights.
- For entrepreneurs, social capital is incredibly valuable. It gives you tremendous access and tremendous relationships that either can’t be bought, or would be expensive to buy or attain over time.
- When we define social capital, we’re addressing the resources available in and through your personal relationships. Social capital is not limited to one degree of separation; it’s whom you know and whom they know.
- Social capital gives you the opportunity to make connections through subsequent connections. It can be very expansive, and it can be measured in its size as well as in its quality and diversity.

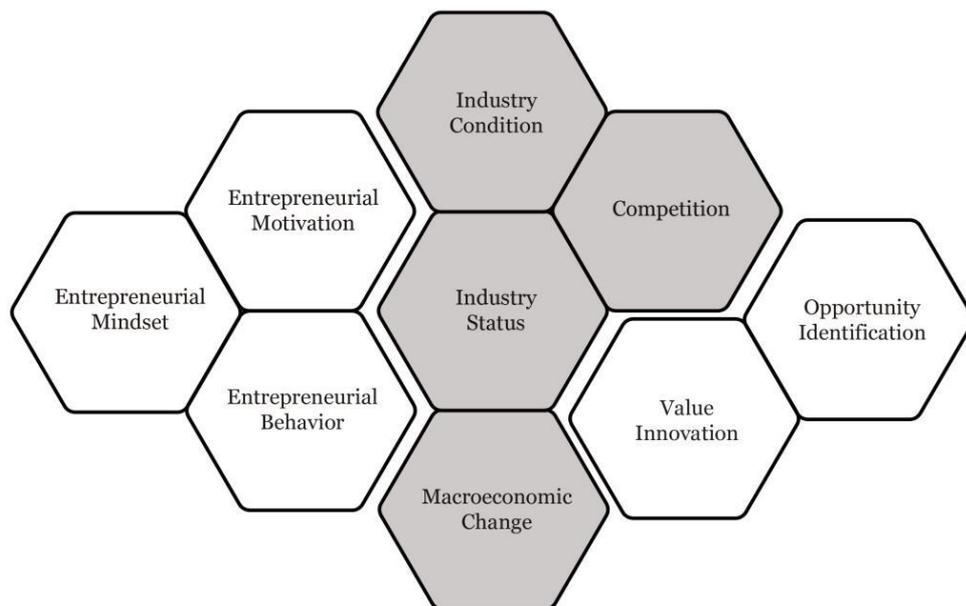


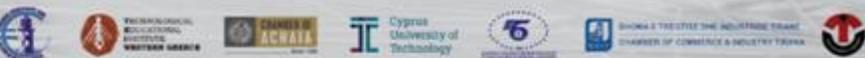
Social capital (2)

- Recognize that social capital is exceptionally valuable to entrepreneurs.
- It's important to map and track and understand your network, and to keep the friends you have.
- It's easier to retain relationships, or renew relationships, than to form new ones.
- You should also be willing to go out and get involved. Get involved in organizations. Get involved in activities. Start your own organizations and activities.
- Work to build your social capital.

Part II - Seeing Entrepreneurially

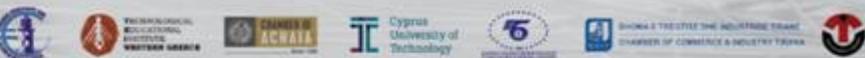
- Successful entrepreneurs introduce a product or service that satisfies customer needs in a better way than competitors at a price that is greater than the cost of creating and delivering that product or service.
- To understand how to fulfill customer needs at an attractive price, four areas are critical to assess:
 - *industry condition,*
 - *industry status,*
 - *macroeconomic change, and*
 - *competition.*





Industry Condition

- After examining entrepreneurial mindset, motivation, and behavior, the next step in exploring entrepreneurial opportunities is evaluating *industry condition*.
- We can examine the rules of competition within an industry. This helps entrepreneurs to decide what industries they may want to enter, and which ones they may want to avoid.
- For those industries that they do choose to enter, entrepreneurs can better anticipate the opportunities and challenges therein.
- Understanding the *knowledge conditions* and *demand conditions*, the two core segments of industry condition, provides insights into the attractiveness of an industry for new entrants.
- With this understanding, aspiring entrepreneurs can determine if, and how, to compete effectively within their chosen industry.

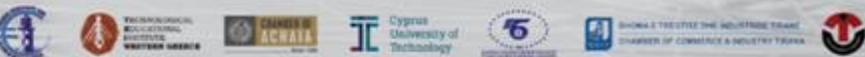


Industry Status

- With industry conditions addressing the knowledge and demand factors, it's important to understand *industry lifecycle* and *industry structure* as the key components of *industry status*.
- By studying industry status, aspiring entrepreneurs can assess an industry's timeliness for new entrepreneurial entrants.
- new ventures tend to perform better in younger industries.
- **What is the structure of your industry?**
 - To understand *industry structure*, we examine the barriers to entering the industry and the competitive dynamics within the industry. The key factors to assess within industry structure are:
 - *capital intensity* (the amount of money required to enter and compete within an industry),
 - *advertising intensity* (the importance of advertising and branding to the success of competitors in a specific industry),
 - *company concentration*, and
 - *average company size*.

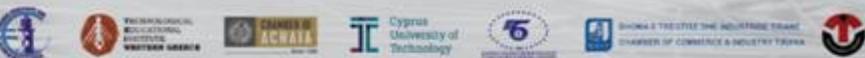
Macroeconomic Change

- Macroeconomics deals with the performance of a large economy and its vast number of influencing factors. For entrepreneurs, it's valuable to understand how the needs and wants of your target audience are influenced by the world around them.
- emphasis on *demographic* and *psychographic* changes. Changes in *technology*, *society*, *politics*, and *regulations* are also examined, as these are central to entrepreneurs' understanding of their customers' buying behaviors.



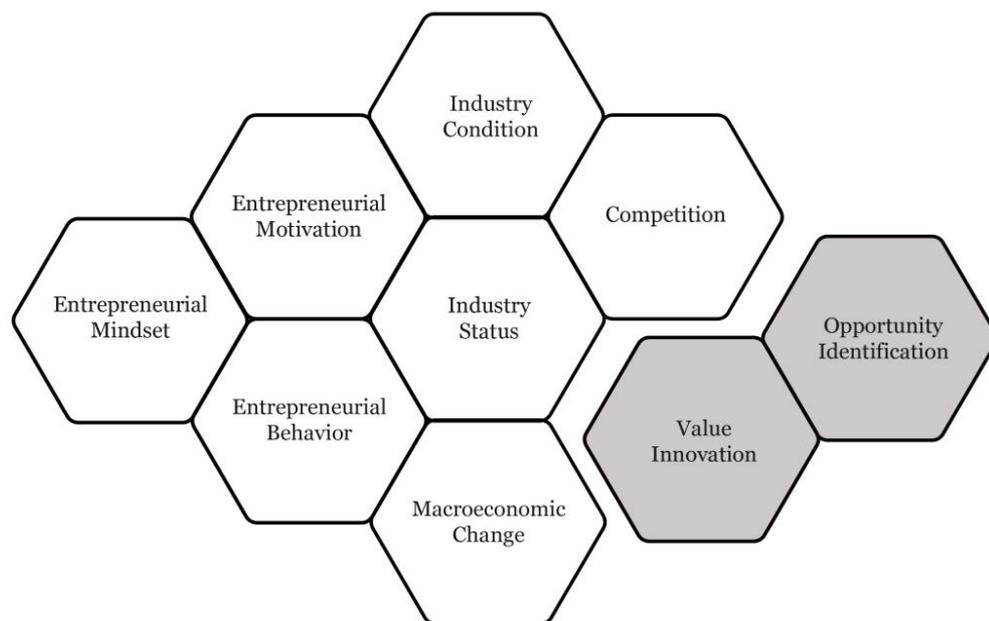
Competition

- Assessing industry condition and industry status provides a starting point for understanding competition. To outperform the competition, the *learning curve*, *complementary assets*, and *reputation effects* are key factors for entrepreneurs to understand.
 - *learning curve*, we're exploring the rate of learning over time. How long does it take to get good at something?
 - *Complementary assets*, are the capabilities and/or infrastructure that support commercialization, beyond the assets associated with the product or service itself
 - Think about *reputation*, we need to examine our competitor's vulnerabilities. Where is it that we can make an impact? Are there problems in the marketplace that we can help solve with our ventures? We also want to think about new industries and new markets that we can enter. Also think about managing your own reputation. What can we do to build and manage our reputation?

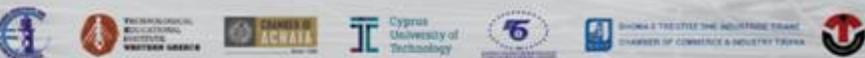


Part III - Acting Entrepreneurially

- With an understanding of entrepreneurial mindset, motivation, and behavior, and insights into the key industry and market forces, you are well prepared to develop your entrepreneurial ideas.



- *value innovation* and
- *opportunity identification.*

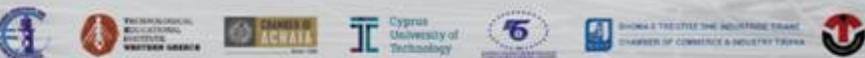


Value Innovation

- With big ideas and scarce resources, entrepreneurs must be efficient in their decisions and discerning in their management of time and money.
- The concept of *value innovation* is well suited to evaluating how to compete efficiently and effectively.
- *Value innovation* is the parallel pursuit of product differentiation and low cost, creating a rise in value for both buyers and the company (your startup).
- The value to buyers is derived from the product's benefits minus its price.
- The value realized by the company is generated from the product's price (company revenues) minus your cost (company expenses).
- Value innovation is achieved when the whole system of benefits, price, and cost is aligned.

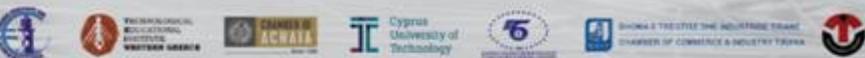
Value Innovation (2)

- To deliver value innovation, focus on four questions that align with what to **eliminate, reduce, raise, and create** within the venture.
 - Are there select factors that we can eliminate that are of limited to no real value to our target customers?
 - A second element that we'll explore is reducing factors. Are there factors on the value curve that we can reduce without significantly reducing the value delivered to customers?
 - Another element that we'll examine is raising certain factors.
 - Lastly, we'll consider if there are new factors that we can create?
- When we look at these four questions collectively, we'll gain insights into how we can deliver value innovation to successfully compete in the marketplace.



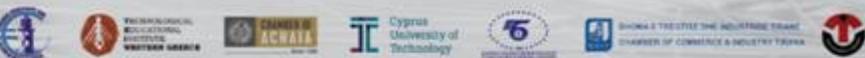
Opportunity Identification

- Entrepreneurial opportunities become real when you have a solution that leverages your advantages to solve an important problem for customers.
- How to translate the approaches and tools presented to act on real entrepreneurial opportunities.
- The key elements of opportunity identification are
 - *defining the problem* (a problem that you seek to solve in the market),
 - *crafting a competitive solution* (develop a solution that maximizes the positive factors for all),
 - *building your advantage* (developing a customer-validated perspective on the problem and your planned solution), and
 - *forming the right team*
 - start with people you know
 - Find partners with resources who can commit long-term.
 - Staff your group with people who believe in your mission that aren't only exploring for salary



Next Steps

- Awareness of entrepreneurial mindset, motivation, and behavior has expanded. You appreciate the roles of markets and industries in entrepreneurial opportunities. You understand value innovation and the fundamentals of opportunity identification as key elements of entrepreneurial action.
- Developing your business model is the next step in your entrepreneurial journey
- With a well-developed business model, you can test your assumptions and strategy with prospective customers. They may affirm parts of the business model, and reject other parts. This early customer discovery and validation is valuable to adapting the business model, and perhaps the fundamental product or service idea itself, before authoring a full business plan.
- This experience of hearing your customers' needs and wants in reaction to the business model allows you to write a well-researched business plan.



Now, get to work!

Thank You for Your Attention