Opportunity Recognition

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OPPORTUNITY
Opportunity Defined

• An occurrence that has potential for a favorable outcome...
  – Accomplish goals
  – Experience success
  – Create meaning/inspire

Change for the better

A Chance to Make Money $$$?
A Chance to Make A Difference…
Take a moment to identify three opportunities

In your career or life
• Pick two you acted upon
  Success?    Failure?
• One not acted upon

Consider the opportunity cost of pursuit
You can’t have entrepreneurship without opportunity

• Entrepreneurs **capitalize on opportunities** by forming new businesses or organizations that are capable of creating value.

“To have entrepreneurship you must first have entrepreneurial opportunities” (Shane & Venkataraman, 2000)
The entrepreneur ecosystem

Context

Opportunity

Individual

Effectuation

Outcomes

History/Path
Opportunity—Three Categories

1) Creation of new information
2) Exploitation of market inefficiencies
3) Shifts in resource cost & allocation

Source: (Drucker, 1985)
Opportunity Strength

• **Weak premise:**
  People have unique knowledge and valuation of opportunities (Kirzner, 1997)
  – Knowledge asymmetries exist (Hayek, 1945)

• **Strong premise:**
  Market equilibrium will be disrupted and opportunities will be created for those who act (Schumpeter, 1934)
  – Be hypercompetitive & cause disruption (D’Aveni, 1994)

Source: (Venkataraman, 1997)
Disposition and opportunity realization

- Risk tolerance
- Propensity to act
- Creativity
- Growth vs. fixed mindset
- Energetic
- Curious
- Learning oriented
- Experimental
- Questioning
- Social
- Focused
- Strong work ethic

Sources: (Locke & Baum, 2007).
Individual characteristics and opportunity realization

- Our interest drives selective attention
- Expertise in information processing sensitivity
- Success/failure with past opportunity recognition & pursuit
- Amount of environmental scanning

Sources: (Finkelstein & Hambrick, 1996; Fisk & Taylor, 1991; Lord & Maher, 1990)
Do you know some one who is opportunity stricken?

• What are they like?
• How would you describe them in 5 words
• What habits do they follow
• Who do they interact with?
• What do they do different than most of us?
Are you surrounded by the right people?

• Access to ideas
• Social and human capital
• Access to resources
• Clustering of interests or industry
Opportunity network

Source: (Burt, 1992)
Technology

- Converter of inputs ---> Outputs
- Reduce work, cost, time, etc.
- Increase productivity, communication, efficiency, etc.
- Conversely- dysfunction, productivity loss, distraction, unintended consequences, etc.

Woodward, 1965
Communications Technology and Opportunity

• Internet
• Social media
• Wireless

Facebook 700M members
LinkedIn 120M members
Twitter 175M members
Context and Opportunity

A classic strategic analysis
• Social, economic and environmental trends
• History and path dependence
• Industry conditions
  – Static, turbulence, munificence, famine, etc.

Tools we already know
What’s In Your Wallet?

• Find a partner
• Take out your wallets
• Interview each other on:
  — Likes
  — Dislikes
  — Desired Changes
  — Frustrations

Source: (Seelig, 2009).
Try your hand at design...

- View information gathered as opportunities
- **DESIGN** a new wallet for your partner with materials provided
- When you are finished “sell” the new wallet to your partner
- Explain why:
  - It fulfills their needs
  - Fixes their problems
  - ETC
New wallet- new opportunities?

• Now that you have a new wallet
  – Take a moment to write three opportunities that you can act upon on the back of your new wallet
  – In the next day choose one and act
  – Let me know what happens
Questions?