

EXERCISE: OPPORTUNITY WALK

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Description

Students often struggle with where to start with respect to finding opportunities. This exercise gets students thinking about the world around them in terms of potential opportunities. Students are taken outside (this can be done inside as well, but it is usually a good break from their normal routine to leave the building) and asked about what they see around them. They are then pushed to think about what they see in terms of the businesses that are responsible for what they see, and they compete to see who can identify the largest number of businesses. They are then asked to consider how they might make some of those businesses better in a way that improves people's lives. Students will begin to realize that there is an abundance of potential opportunities around them at all times, and they will begin thinking about how they can build on these initial ideas to develop potential business concepts.

This exercise is based on the idea of entrepreneurial alertness espoused in the Austrian Economic School of thought regarding opportunities. Kirzner (1973), for example, proposes that opportunities are present and merely waiting for an alert individual to pick them up. The basis of this argument is the fact that information is not equally distributed, leading different individuals to recognize different opportunities. While supporters of this theory suggest that these individuals will recognize opportunities without the need for deliberate search (Eckhardt and Shane, 2003), the process still requires the individual to be cognizant of his or her environment in order to take notice of these potential opportunities. Some scholars have suggested that people with better scanning behavior, among other skills, are more likely to discover opportunities (Shaver and Scott, 1991; Baron, 2006).

The exercise also builds on the idea of entrepreneurial opportunities being those in which new goods, services, or markets can be introduced through new means-ends relationships or new ends-means relationships (Shane and Venkataraman, 2000). By first becoming more aware of their external environment, students can then begin examining ways in which they may be able to change existing means-ends relationships to reveal potential entrepreneurial opportunities.

Usage Suggestions

This exercise works for all audiences, undergraduate, graduate, or practitioner. It is appropriate for new venture creation courses, entrepreneurship bootcamps, or workshops. The session is best positioned before students have identified a venture concept, project, or corporate initiative to pursue.

Learning Objectives

- Practice being observant about potential opportunities.
- Reflect on personal differences in viewing and perceiving the world.
- Improve the ability to generate new ideas.
- Improve the understanding of the relationship between ideas and value.

Materials List

None.

Pre-Work Required by Students

None.

Theoretical Foundations

- Baron, R.A. 2006. Opportunity recognition as pattern recognition: How entrepreneurs "connect the dots" to identify new business opportunities. *Academy of Management Perspectives*, February, 104-19.
- Eckhardt, J.T., and Shane, S.A. 2003. Opportunities and entrepreneurship. *Journal of Management*, 29(3), 333-49.
- Kirzner, Israel M. 1973. *Competition and Entrepreneurship*. Chicago: University of Chicago Press.
- Shane, S., and Venkataraman, S. 2000. The promise of entrepreneurship as a field of study. *Academy of Management Review*, 25(1), 217-26.
- Shaver, K.G., and Scott, L.R. 1991. Person, process, choice: The psychology of new venture creation. *Entrepreneurship Theory and Practice*, 16(2), 23-45.

Time Plan

This exercise can be adapted to fit various time schedules depending on whether or not the instructor wants to spend more time on issues such as value propositions or creative idea generation. For the purposes of this teaching note, the exercise requires 40 minutes.

0:00–0:05 (5 minutes)

Step 1

Begin by telling the students to get out paper and something to write with. Once they appear to be ready, tell them to stand up and follow you outside. (If weather is a problem, the exercise can also be conducted indoors in an open space.) Choose a location that is nearby to reduce the time it takes to get the class moved and assembled.

Once everyone is gathered together, ask the students to tell you what they see. Typically they will respond with things like “grass,” “trees,” “buildings,” “sky,” and so on.

0:05–0:15 (10 minutes)

Step 2

Now, ask them to look around and try to think of as many businesses as possible that are necessary for them to see everything around them. It sometimes helps to give them examples related to what they initially saw. For example, if they indicate trees and grass, then you might suggest that this involves businesses that grow grass seed, landscaping companies that keep the grass mowed, nurseries for the plants and trees, and so on.

Give them about 5 minutes to identify the businesses. You can motivate them by telling them that they should be able to come up with at least 20 and as many as 50 or more. The highest students are usually in the 40–50 range. Keep an eye on those who seem to be struggling and encourage them. Give them a 1-minute warning and encourage them to try to hurry to get as many more as they can in the last minute.

Return to the classroom and have the students count up how many businesses they came up with. You can have a small prize for the one who comes up with the most.

0:15–0:20 (5 minutes)

Step 3

Select a few students to tell the class some of the businesses they identified. Capture these on the board. You can push them further by asking about what other businesses are related and necessary to support that business. For example, if a student mentions a company that makes and builds outdoor light posts, you could ask about the companies that make the electrical wire or the mining companies that provide the metal ore and so on.

0:20–0:25 (5 minutes)

Step 4

Have the students pair up and pick one business from their list and come up with a way to do it better or differently. It is important here to encourage them not to limit themselves to what they think may be possible. Remind them that there may be technologies that they are not aware of, so they should try to think of ways in which it could be ideal. This allows

them to be more creative and then they can think about ways in which to provide the same value. After 5 minutes, call on one or two of the groups to share their ideas.

Step 5

0:25–0:35 (10 minutes)

Have students discuss what the value of their new concept is to the potential customers and think about ways they could actually provide that value. This helps them to think about their value proposition and then ground this back to reality and ways in which they could provide this same value (even if their original ideas were pretty far-fetched). Give an example that seems unrealistic at first. Some students have suggested a key chain that would make their car disappear and then reappear in order to avoid trying to find a parking space. You can ask them what the value is in this new idea (reducing the time to find parking). Then illustrate how this same value can be provided in numerous ways (for example, by showing a picture of an automated garage in Japan that stacks hundreds of cars – the key fob could signal the garage to pick up the car and store the location information for pickup). The point here is creative thinking in providing the value in a manner that is actually technically feasible – not necessarily financially feasible at this point.

Step 6

0:35–0:40 (5 minutes)

Finally, have students take their idea and think about how it improves people's lives. This helps them to understand whether or not they will truly provide value that customers will want and gets them thinking about businesses' role in society. For example, you could argue that Walmart improves people's lives by providing them with more disposable income or that Starbucks provides a gathering place and encourages social interaction. The key point here is to get students to begin thinking about their business in relation to the value it brings to the customer and society. Discuss a few of these.

Try to close by emphasizing that potential ideas and opportunities are around them all the time, so coming up with ideas should never be a problem. However, they need to consider whether their ideas truly bring value to their customers and society as a first step towards determining if the ideas constitute entrepreneurial opportunities.

Key Takeaways

- Potential business ideas are everywhere around us all the time.
- Understanding your value proposition will help you refine your ideas.

- It is important to consider whether your business provides positive benefits to customers *and* society and how that affects the viability of an idea.

Teaching Tips

Students generally need to be encouraged to think about businesses during the brainstorming session in the beginning. I usually tell them that they should be able to come up with at least 30 different businesses in 5 minutes (the highest numbers are usually above this). This seems to help them focus. You will also want to continue to encourage them throughout the 5-minute time period.

You will sometimes have students who try to come up with ridiculous ideas (like the key fob). These are great ones to push back on in class with regard to the value they bring in leading up to their work on this section of the exercise. You can usually show them how you can start with an idea that seems really far out there and achieve the benefits of the idea in a realistic manner.