

Module 2: Opportunities and pathways to Entrepreneurship**No. of Hrs: 8**

Opportunity identification, Sources of Innovative ideas, Entrepreneurial imagination, and creativity, Concept of Creativity, Rules, Components, Process or phases of creativity, the critical thinking process.

Pathways to new ventures: Creating New ventures, Acquiring an established venture, Franchising.

MODULE 2 - Entrepreneurial Opportunities and Pathways

An entrepreneur is a person who starts a business and takes on the risk of making or losing money. To be successful, an entrepreneur must first find a good business opportunity. A business opportunity is more than just a simple idea. It is a real gap in the market that can be filled with a business that will succeed.

For an idea to become a true opportunity, it must pass three important tests: desirability, feasibility, and viability. If an idea fails even one of these tests, it is likely to fail in the real world. This is why it is so important for an entrepreneur to look closely at their idea from all sides before they start working on it. A good idea can save a person from wasting a lot of time and effort.

What Makes a Good Business Opportunity?

An opportunity is a clear gap in the market that can be filled by a business that can make money. A simple idea, on the other hand, is just a thought that has not been tested. The difference between an idea and an opportunity is very important. For example, a person might have the idea of starting a business that finds new planets, but without the right skills, technology, or money, this idea is not a real opportunity. A successful business is built on a solid opportunity that has been carefully checked.

Approaches to Finding Opportunities

Entrepreneurs find opportunities by looking at the world in different ways:

Problem-Driven Approach: This is when an entrepreneur finds a business idea by looking for everyday problems, frustrations, or inefficiencies. For example, the trouble of hailing a taxi led to the creation of apps like Uber and Ola, which made booking a ride easy with a phone.

Trend-Driven Approach: This involves watching for big social, technological, or economic trends before they become popular. For example, the growing interest in health and plant-based diets led to the success of companies like GoodDot in India, which offers plant-based meat alternatives.

Resource-Driven Approach: This is about using existing resources like skills, equipment, or

networks in a new way. For example, a farmer with a lot of leftover rice husk can use that waste to create biodegradable plates, turning a low-value byproduct into a marketable eco-friendly product.

The Three Essential Tests: Desirability, Feasibility, and Viability

A business idea must pass three main tests before a person should commit their money and time to it. The first test asks if people want the product, the second asks if the product can be made, and the third asks if the business can make money over time.

Desirability asks a simple question: Do people actually want or need this product or service? An opportunity must solve a real problem or fill a genuine desire in the market. People often want something that will make their life easier, more fun, or less frustrating. For example, early businesses that delivered food online were successful because busy city workers strongly desired the convenience of getting a meal without having to cook it. The idea of a product that people want is what makes them willing to pay for it. A product that no one wants is called a "non-starter". A good example of this is when Instagram added more video features like "Reels" to compete with TikTok. Even though the company could easily build these features (feasibility) and had a clear goal of making money (viability), a large number of its users did not want the platform to change from being a place for photos to one for videos. This lack of desirability caused a strong negative reaction from users.

Feasibility asks: Is it possible to create this product or service? This means a person must think about whether they have the skills, technology, and resources to build the business. A student who knows how to program drones and has access to farm land can feasibly start a business that uses drones to watch over crops. But that same student would not have the skills or the money to start a company that mines space for metals. A good idea is only possible if the technology needed to build it either exists or can be developed. For instance, a company might want to build a charger for electric cars that works as fast as a gas pump. This idea is very desirable and could make a lot of money, but the technology to make it work does not exist yet. This makes the idea not feasible for now.

Viability asks: Can this business make enough money to cover its costs and make a profit over a long time? A business can have a desirable product that is feasible to build, but if it cannot make a profit, it will fail. For example, a coffee shop might be a great idea, and it may be easy to set up, but if it has to sell coffee for less than the cost of the beans, milk, and other things it needs, the business is not viable. Another example is a streaming service that only shows Christmas movies. A lot of people might want to use it for a short time each year, and the company can easily build it. But the business would not be viable because it would not make money for most of the year. The money it makes in December would not be enough to pay for the high costs of getting movies from production companies for the entire year. The profits would not be steady enough to last.

For a business to truly succeed, it must pass all three of these tests. If one part is missing, the business will struggle. To help a person check their idea, the three tests can be put into a simple table for easy review.

Test	Simple Definition	Real-World Example
Desirability	Do people want this product or service?	The success of early food delivery services because busy people wanted convenience.
Feasibility	Can this product or service be created with the resources and skills available?	A student with programming knowledge can feasibly start a drone service.
Viability	Can this business make a profit over time?	A coffee shop that cannot sell its products for more than their cost is not viable.

The importance of correctly identifying a business opportunity cannot be overstated. By testing an idea with the three tests, an entrepreneur can avoid making a big mistake. The failure of Blockbuster is a famous example. Blockbuster was a very large video rental company, but it did not see the rising demand for online streaming and DVDs sent by mail. Because it did not see these new desires in the market, it failed when companies like Netflix captured that shift. In the same way, the Ford Edsel car failed even though the company had a lot of money and skill to build it. The car failed because the company did not do enough research to understand what customers really wanted. Both of these examples show that even a large company can fail if it does not correctly find a real market opportunity.

How to Find Ideas for New Businesses

There are three main ways an entrepreneur can look for ideas for a new business. A person can find an idea by solving a problem, by following a trend, or by using the resources they already have. These three methods provide a good starting point for finding a business opportunity.

Finding a Business by Solving a Problem

A very common way to find a business idea is to look for a problem that needs to be solved. This means paying attention to the small frustrations, problems, and things that are not working well in daily life. A person should ask themselves, "What is making people frustrated or upset?" The trouble that people had with getting a taxi in cities led to the creation of companies like Uber and Ola. These companies made it easy to book a ride with a smartphone, which solved a major problem for city travelers.

A good idea does not just come from a feeling of frustration. A person must be able to describe the problem very clearly. For example, a general problem might be that it is hard for a busy professional to eat healthy food during the week. A clearer problem statement would be: "Hard-working professionals need a convenient and fast way to eat healthy food because they often work long hours and do not have time to go grocery shopping". This clear statement helps the entrepreneur focus on exactly what needs to be fixed. Other problems that have led to new businesses include the difficulty of a company managing its large amounts of data, or the challenge of students not attending online classes.

Finding a Business by Following a Trend

Another way to find a business idea is to watch for new social, technology, economic, or environmental trends before they become very popular. An entrepreneur who can spot these trends early can build a business that is ready to grow. For example, the growing interest in health and wellness led to many new companies that make plant-based foods, such as GoodDot in India.

The world of technology is full of new trends that can create business opportunities. The rise of online learning led to the creation of many new EdTech platforms and services for writing e-books. New trends in mobility have created businesses that convert gasoline-powered cars to electric cars. The growth of e-commerce has led to new opportunities for online marketplaces, travel agencies, and businesses that manage customer relationships. A person can also find new ideas by combining different trends. For example, a business could combine the trends of education and gaming to create a "gamified platform for design education".

Finding a Business by Using Existing Resources

A third way to find a business idea is to look at the resources a person or company already has and use them in a new or different way. These resources can be physical objects, special knowledge, or a network of people. This method is about finding value where others only see waste or things that are not useful.

For example, a farmer in India used the large amount of rice husk waste from his farm to make tableware that can be used once and then safely break down. In this way, he turned a low-value byproduct into a product that he could sell. A company called Aquafil used old waste nylon materials, such as fishing nets and carpets, to create a new high-quality nylon yarn called ECONYL. A building can also be seen as a resource. The Brummen Town Hall building was designed so that all of its parts can be taken apart and used again later, showing how old buildings can be a resource for new uses. These examples show that the resource-driven approach is a core part of the "circular economy," which is a way of thinking about business that focuses on using things more than once.

Where Do Business Ideas Come From?

Ideas can come from a person's own life and experiences (inward sources) or from the world around them (outward sources). Both are important for an entrepreneur to think about.

Looking Inward for Ideas

A person's ideas can come from their own skills, knowledge, and experiences.

- **Skills:** A person who has technical skills, such as a graduate from a robotics lab, could use those skills to start a business that provides an automated inspection service for warehouses.
- **Knowledge:** A chemical engineer has special knowledge that could be used to build a business that makes energy-efficient cooking stoves for people in rural areas.
- **Experiences:** A person's own struggles can lead to a business idea. For example, a student who was frustrated by the high cost of textbooks could create a platform for other students to rent or borrow books from each other.

Looking Outward for Ideas

Ideas can also come from the world outside of a person, such as from customers, competitors, new technology, and research institutions.

- **Customers:** Getting direct feedback from customers through surveys or by simply watching what they do is a great way to find ideas. The company Café Coffee Day changed its business to be a "lifestyle space" after watching what young people wanted, which was more than just a place to get coffee. A different approach is to ask customers for ideas. The company Lay's launched a campaign called "Do Us a Flavor," where it asked people to suggest new chip flavors. This led to many new ideas and created a lot of excitement for the brand. It is important to remember that it is not just about what customers say they want, but also about what they do. Netflix, for example, started recommending shows by watching what people were already viewing, not just by asking them.
- **Competitors:** An entrepreneur can also find ideas by looking at what their rivals are doing. By looking at what competitors are missing, a new business can find a way to stand out. For example, when Ola started in India, it saw that Uber was not offering cash payments or auto-rickshaw bookings. Ola added these features to its service, which helped it get more customers.
- **Technology Trends:** New technology often creates needs that people did not even know they had. When new battery technology became available, the company Ather Energy used it to create a business that sells smart electric scooters. The rise of artificial intelligence has also created new opportunities for companies that want to make financial apps or medical solutions.
- **Research Institutions:** Many new inventions that can become a business come from

university labs and government research centers. The Indian Space Research Organisation (ISRO) has transferred its engine technology to private companies. In the United States, companies like Microsoft partner with universities like Carnegie Mellon and Stanford to get access to the newest research in areas like robotics and artificial intelligence. These partnerships help a company grow its ideas and technologies.

The Process of Creating New Ideas

Creating new ideas is not a magic event. It is a process that has its own parts, steps, and challenges. To understand how ideas are born, it is helpful to look at the difference between creativity and innovation.

The Difference Between Creativity and Innovation

Creativity and innovation are often thought of as the same thing, but they are different.

- **Creativity** is the ability to have new and imaginative ideas. It is about thinking in different ways and asking questions like, "What if?" The first part of Airbnb's story was a creative idea: "What if people could rent a spare room to a traveler?". Creativity is about creating possibilities and concepts.
- **Innovation** is the ability to turn a creative idea into a real, working solution. Innovation is the work of making a product, a service, or a business model that can be used by people. The second part of the Airbnb story was innovation: the company built a secure online platform with reviews and a booking system to make that creative idea a reality.

Creativity is the base for innovation. Without new ideas, there can be no new products or services.

Basis	Creativity	Innovation
Definition	Generating new, imaginative ideas	Turning those ideas into real solutions
Core Focus	Idea generation, thinking differently	Product development, market launch
Outcome	Concepts, designs, possibilities	Tangible products, services, business models
Risk Profile	Low financial cost, mainly mental effort	Higher financial and market risks
Measurement	Qualitative, hard to measure	Quantifiable via sales, revenue, impact
Dependency	Does not depend on innovation	Builds upon creativity as its foundation

The Main Parts of Creativity

Creativity is made up of different parts. By understanding these parts, a person can work on improving their ability to be creative.

- **Fluency:** This is the ability to produce a large number of ideas. The more ideas a person has, the better the chances that one of them will be a great one. The inventor Thomas Edison had over ,000 patents, and from them came inventions like the light bulb. A person can practice fluency by trying to list 50 different uses for a plastic bottle.
- **Flexibility:** This is the ability to think about a problem from different points of view or to shift between different types of ideas. A person who has flexibility might suggest both decorative uses and energy-saving uses for a plastic bottle.
- **Originality:** This is the ability to have new or rare ideas that no one else has. For example, a truly original idea for a plastic bottle would be to use it in rooftops as a low-cost way to bring light into a building.
- **Elaboration:** This is the ability to add details and depth to a rough idea. A rough idea of using a bottle as a planter could be made better by designing a self-watering system and a specific brand for it.

The Four Steps of a Creative Project

The creative process happens in four main steps that often repeat themselves.

- **Preparation:** This is the first step, where a person gathers information, learns new skills, and studies a problem. For example, the physicist Freeman Dyson spent six months doing calculations to understand a difficult scientific problem. The inventor James Dyson studied cyclone separators and other technologies before he began making his famous vacuum cleaner.
- **Incubation:** After a person has done a lot of hard work, they can step away from the problem and let their mind work on it without trying. This is a time of subconscious processing. The German chemist August Kekulé, for example, had the idea for the structure of the benzene molecule after he dreamed of a snake biting its own tail. Freeman Dyson took a bus trip after his long period of work, which allowed his mind to relax and process the information.
- **Illumination:** This is the "Aha!" moment when an idea suddenly becomes clear. This moment often happens after the incubation phase. For Freeman Dyson, the idea became "crystal clear" during his bus ride. The inventor of Velcro, Georges de Mestral, had his idea when he noticed how burrs from a plant stuck to his clothes with a hook-and-loop system.
- **Verification:** This final step is about testing the idea to see if it really works. An entrepreneur must make a prototype or a test version of the product to see if it is feasible and desirable. A perfect example of this is when the founder of Dropbox made a simple video to show people what his product would do, which proved that there was a real need

for it before he spent time building the whole thing. The inventor James Dyson famously made ,127 prototypes of his vacuum cleaner over a period of many years to make sure the design was perfect. This shows that the process of testing and improving an idea is a very hard part of the journey. The entire creative process is a cycle of building, testing, and improving.

Barriers to Being Creative and How to Overcome Them

There are many things that can stop a person or a company from being creative. These barriers can be personal, part of the company, or part of the larger environment.

- **Personal Barriers:** One of the biggest personal barriers is the fear of failure. People worry that their ideas will not be liked or that they will face bad results if they try something new. The way to fix this is to see failure as a normal part of the process, a chance to learn. The famous inventor Thomas Edison once said, "I have not failed. I've just found ,000 ways that won't work" while he was trying to invent the light bulb.
- **Company Barriers:** Some companies have strict rules and a strong hierarchy that make it hard for new ideas to be heard. They may also not have enough money or time for creative projects. A company can fix this by making its structure more "flat" so that ideas can come from anywhere. They can also give employees a special amount of time, like Google's famous "20% time" policy, to work on their own projects. A major problem for some businesses is a culture that only cares about numbers and results. These cultures often do not value creative ideas that do not have an immediate financial return. Companies need to find a balance between their goals and giving people the freedom to experiment.
- **Environmental Barriers:** The larger culture can also discourage new ideas by not liking risk. A good way to overcome this is to create a safe space where people can share ideas without fear of being judged. A company can also help by giving people a chance to work with others from different fields, as this can bring new points of view and lead to better ideas.

Thinking Carefully About Your Business Idea

Before a person starts a business, they must think carefully about their idea. This careful thinking is a process called critical thinking. Two helpful tools for this process are the SWOT framework and the five steps of critical thinking.

The SWOT Framework

A SWOT analysis is a simple tool that helps an entrepreneur organize their thoughts about a business idea.

- **Strengths:** These are the internal advantages of the business, such as unique skills, a strong network of contacts, or a special technology.
- **Weaknesses:** These are the internal limitations, such as a lack of money, a shortage of skills, or problems with how the company operates.
- **Opportunities:** These are the external things that could help the business succeed, such as new laws, new groups of customers, or new technologies.
- **Threats:** These are the external risks that could hurt the business, such as more competition, changes in laws, or a downturn in the economy.

By looking at their idea through the four parts of a SWOT analysis, a person can get a clearer picture of their business and its chances of success.

The Critical Thinking Process

Critical thinking is a way of making sure that business decisions are based on facts and logic, not just on feelings or beliefs. It is a process that has five parts.

1. **Interpretation:** This is about understanding information and its context correctly. For example, a doctor correctly understands a patient's lab results to find the sickness.
2. **Analysis:** This is about breaking down a complex problem into smaller parts to find out the patterns and causes. For example, a business owner might analyze why sales are falling by looking at different parts of the business, such as prices, what competitors are doing, and how happy customers are.
3. **Inference:** This is about using facts to draw a logical conclusion or to guess what will happen in the future. For example, a weather person infers that it will rain by seeing that the air pressure is falling and that dark clouds are forming.
4. **Evaluation:** This is about judging how real and useful a source of information is. For example, a person might reject a health claim they see online by checking to see if it has been studied and approved by other experts.
5. **Explanation:** This is about clearly telling others why a person made a certain decision and showing the facts that support it. For example, a project leader might explain why they chose a certain material for a product by showing a study of its life cycle to build trust with others.

This process of critical thinking helps an entrepreneur make better decisions and protect their business from mistakes. It is a way of making sure that all ideas, plans, and actions are based on a solid understanding of the facts.

Different Ways to Start a Business

A person can start a new business in three main ways: they can create a new one from nothing, they can buy one that already exists, or they can start a franchise. Each of these ways has its own benefits and risks.

Creating a New Business from Scratch

This is the most well-known way to start a business. It involves coming up with an idea, building a product, making a business plan, and entering the market. This path gives an entrepreneur full ownership and total control over their business. The entrepreneur can be as creative as they want to be. The electric car company Tesla and the home-sharing company Airbnb are both examples of new businesses that were created from scratch. A person can also create a non-technical business from scratch with a small amount of money, such as a handmade craft business, a home cleaning service, or a tutoring business.

Even a business that does not use a lot of technology can use it to grow. For example, a person who makes and sells handmade crafts can use online marketplaces like Etsy to sell their products to people all over the world. A person who gives private lessons can use online learning platforms to teach more students. This shows that technology is not just for technical startups but is a tool that can help any business grow and reach more people.

Buying a Business That Already Exists

Instead of starting a business from nothing, an entrepreneur can buy a business that is already running. This can be a good way to start because the business already has customers, makes money, and has a proven business model. However, buying a business usually costs a lot of money upfront and can come with old problems that the business had before.

Many large companies buy smaller ones to get a strategic advantage. For example, Facebook bought Instagram to get a large number of users and a strong position in the mobile market. When Google bought Android, it was able to get a strong position in the mobile phone world. And when Amazon bought Whole Foods, it was able to quickly enter the physical grocery market. These examples show that a company can gain more than just a business; it can gain a new market, new customers, and a way to beat competitors. However, buying a business is not without risks. It is important for a company to check the culture of the business it is buying. If the culture of the new company does not fit with the buying company, it can lead to problems, such as losing employees. For the person selling the business, an acquisition can be a very profitable way to get out of their business and make a large amount of money.

Starting a Business as a Franchise

A third way to start a business is to buy a franchise. This means an entrepreneur pays a fee to use a well-known brand and a proven business system. This path has a lower risk because the brand is already known and the business has support and training. Famous examples include restaurants like McDonald's and KFC.

The franchise model is used in many different types of businesses, not just in food. In India, a person can buy a franchise for a medical testing company like Lal PathLabs or a courier service like DTDC. There are also franchises for baby products (FirstCry), eye care (Lenskart), and even dry cleaning services. A person can even earn money by setting up and taking care of a bank's ATM as a franchise. This shows that the franchise model is a flexible way to start a business in many different fields.

Franchising comes with its own costs and benefits. An entrepreneur must pay a franchise fee and follow the rules of the main company, which means they have less freedom to run the business in their own way. But in return, they get a proven business model and the support of a large company.

The following table gives a clear view of the three main ways to start a new business.

Pathway	Key Features	Risks and Benefits
Create New Venture	Full ownership, high creativity, full control	High development risk, steep learning curve
Acquire Established	Immediate revenue, proven model, existing customers	Large upfront cost, can have old problems
Franchising	Lower risk, brand recognition, support and training	Franchise fees, less freedom, must follow rules