



Enrichmentors Business Review

Identifying Business Opportunities
Learnings about how to identify business opportunities

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What is in this Issue From The Editor's Desk

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Dear Reader,

Hope you enjoyed the last issue where I had shared with you how could you define the Right Job Requirements

Defining right job requirements enables you to get the right people for your business and make best use of company strengths and the business opportunities available!

I was asked very recently by one of my client's sales people as to how to identify the business opportunities so that you can make best use of them! While I have mentioned some ways of identifying business opportunities at the time of formulating business strategy in my earlier issues of Enrichmentors Business Review, this question prompted me to take it as a separate subject and address in this issue of Enrichmentors Business Review

There are very many ways of identifying opportunities including business opportunities. I shall try to summarize all of them and lay out a process which you and your people can use in identifying business opportunities.

Finding business opportunities are spotting the unseen. You need to look outside of you and find things that you could also do more and better! It is not something that you can not do. Things that you can not do are not your business opportunities.

Some of the approaches are borrowed from Kepner Tragoie from his landmark book the Rational Manager in which he also talks about how can you use the Rational Problem Solving approach to find the opportunities. Others are based on the equally great work of Michael Porter and some are my own adaptation of these.

So, take a look at these approaches of finding business opportunities and use them for finding the business opportunities you can exploit!

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Identifying Business Opportunities

Learning about how to identify your business opportunities

This process development paper attempts to answer following questions in learning how identify your business opportunities.

- What does a right business opportunity look like?
- What are the various approaches to identify business opportunities?
- How can you evaluate and select from these opportunities identified?

What does a right opportunity look like?

Put very simply, a right business opportunity is some thing that your are not doing today but can do it tomorrow (future). It is as simple as an idea to do something more or new!



While every business idea that you are not doing today is a business opportunity, it may not be right for you if you do not have the capabilities and resources to take up that business idea.

So the right business opportunities are those set of new business ideas that you can take up because you have the capabilities and resources to handle them successfully.

So, let us now look at the many approaches used for identifying the business opportunities.

What are the various approaches to identify your business opportunities?

I would suggest using the following

1. Trend Analysis
2. Opportunity Analysis
3. Strengths based Opportunities identification

Trend Analysis

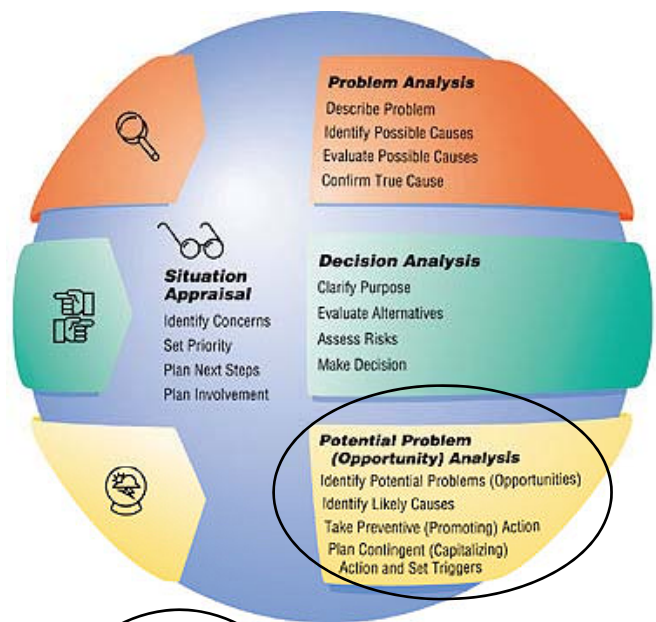
As outlined in Jan 2103 issue of Enrichmentors, the trend analysis involves analyzing the future trends in what your buyers, competitors, suppliers, substitutes are doing and the opportunities their current and future actions can provide for you. This method requires good understanding of the market trends and ability to extrapolate them as to what opportunity do they provide. It also needs to be processed for its relevance for you.

Identifying your Opportunities & Threats

Forces	Who are they?	What are they doing or will do?	What opportunities does it provide you?	How can it threaten you?
Buyers				
Current Competitors				
Potential Entrants				
Suppliers				
Substitutes				
Societal				
Government				

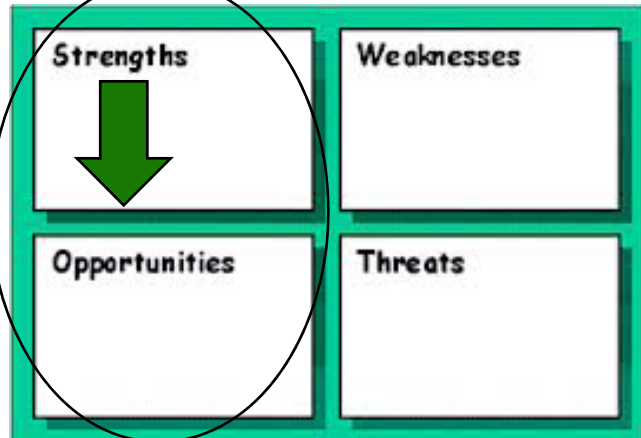
Opportunities Analysis

This method proposed by Kepner & Tregoe uses the better than plan performances to identify new opportunities and the factors that is making happen. Since these opportunities are based on current performances, they turn out to be quite relevant and resources and capability based. We will outline this method in little more detail in next few pages.



Strength Based Opportunities Identification

This is our own discovery while providing the consultancy to our small clients who need to quickly identify the new business opportunities. This is an open ended method in which you look at your strengths and then visualize as to what opportunities would your resources and capabilities as your strengths will provide you. By its very methodology, it provides you very relevant business opportunities



Let us now look at each of these more detail as you will need to use all of them

Trend Analysis

Identifying your Opportunities & Threats

Forces	Who are they?	What are they doing or will do?	What opportunities does it provide you?	How can it threaten you?
Buyers				
Current Competitors				
Potential Entrants				
Suppliers				
Substitutes				
Societal				
Government				

To identify your business opportunities you need to first identify all the environmental opportunities in your industry consisting of your buyers, current and potential competitors, suppliers, substitutes of your product or services, society and Government provide.

Once these opportunities have been identified, you then need to screen them on your capabilities and resources.

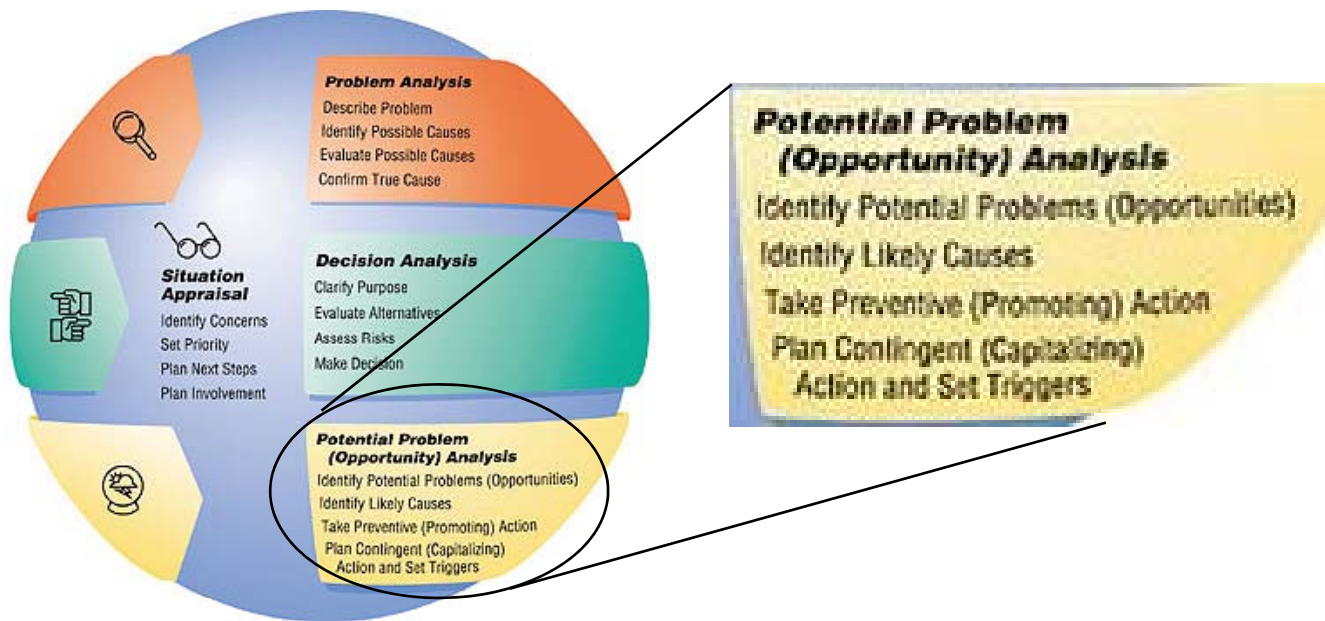
And those are your business opportunities! So how do you go about it? You may use the following guidelines.

1. Take one of the constituents of your industry at a time starting with your buyers and brainstorm with your team as to
 - What are they doing today in terms of their business strategy including Products, Target Markets, Marketing, Sales and Distribution, Manufacturing, Purchasing, R&D, Finance etc.
 - What are they likely to do in these areas in future?
 - What business opportunities can it provide you?
2. List all the business opportunity ideas generated in this discussion using flip charts
3. Avoid any evaluation of the ideas at this stage including any criticism.
4. Encourage the team to generate as many ideas as possible.
5. Follow this brain storming session by a separate Business Opportunity Evaluation Session by assigning the Business Opportunities Ideas to the sub groups of two. Ensure that the originator of the Business Opportunity Idea is not assigned his/her own idea.
6. Ask the Sub Groups to assess the Business Impact and Probability of Occurrence during the next week and present to the same team.
7. Discuss and align on the Business Opportunities with High Impact and High Probability of Occurrence

Let us now look at the Opportunity Analysis approach

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Opportunity Analysis



This approach starts with identifying all situations where a performance is better than plan which becomes an opportunity for other situations where it is not happening. This is followed by identifying the likely causes of this better than plan performance and concluding on the action that can be taken to further improve it (Promotion Action) or begin it (Capitalizing Action). Let us look at these steps in more details

- 1 Whenever and wherever you find the performance better than the plan, you define that situation with have a positive deviation or opportunity.

$$\text{Opportunity} = \text{Actual Performance} - \text{Plan} > 0$$
- 2 With this positive deviation in one situation, you now need to identify the likely causes of this positive deviation so that it can then be applied to others situations where this positive deviation is not happening. You identify the likely causes by comparing the items, places, timing etc of the positive deviation with not positive deviation and finding out the point of difference. This is best done in a team setting where the people of both types of deviations are present using the following comparison table

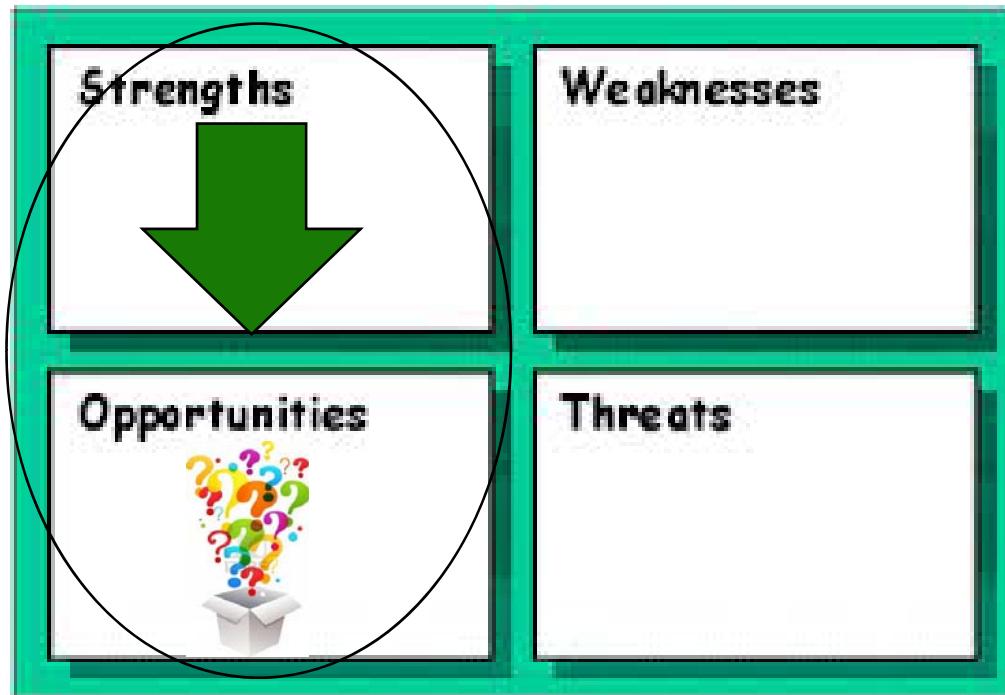
	Is producing +ve deviation (A)	Is not producing +ve deviation (B)	Point of Difference A Vs B
What			
Where			
Since When			
How Much			

- 3 The Point of Difference of A vs. B gives you the likely causes of the positive deviation or the opportunity leading you to take the action in other situations to promote or capitalize the opportunity presented.

Let us now look at the strengths based opportunity identification.

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Strengths based Opportunities identification



As the name indicates, you first identify your strengths including your capabilities and resources. These are something that you own in terms of People, Money, Materials and Methods. Then you take each of these strengths and ask yourself the following questions

Given that we have this strength, what else can we do?

This is again a brainstorming session and best done in team of the key stake holders who are looking at generating business opportunities to pursue. You could use the following guidelines

- 1 Encourage every one to generate ideas
- 2 Avoid evaluation of any idea at this stage
- 3 Avoid criticizing any idea, all ideas are welcome during this session
4. Follow this brain storming session by a separate Business Opportunity Evaluation Session by assigning the Business Opportunities Ideas to the sub groups of two. Ensure that the originator of the Business Opportunity Idea is not assigned his/her own idea.
5. Ask the Sub Groups to assess the Business Impact and Probability of Success during the next week and present to the same team.
6. Discus and align on the Business Opportunities with High Impact and High Probability of Success

You will by now have some high impact business opportunities based on your strengths

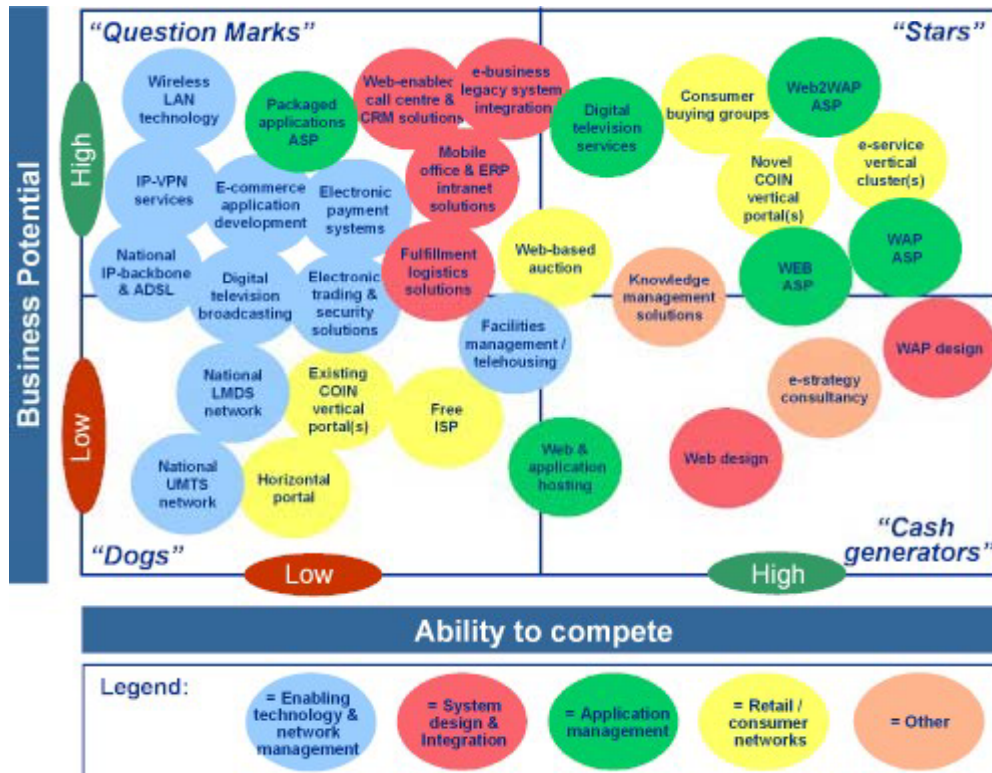
So where do we go from here?

Evaluation of Business Opportunities

With the list of business opportunities generated using all the three approaches, you now need to evaluate and decide which one will you be focusing on.

So how do you go about evaluating and deciding this?

I find the old BCG Model of “Stars-Cash Cows-Question Marks-Dogs” still most appropriate as outlined below



You need to rank all the business opportunities on the two dimensions of Business Potential (Impact) and Ability to Compete(Probability of Success)

The top 50% of opportunities could be treated as having high business potential and balance 50% low. Same can be done for Ability to Compete dimension.

With this you can create your BCG Map for the Opportunities and then just focus on the Star Opportunities where the Business Potential and Ability to compete are both High. If you don't have too many stars to pursue, you can dig into the Cash Cows next.

The Questions Marks are advised to be attempted only after building the ability to compete and Dogs are to be left unattended.

With these approaches you by now would have identified adequate business opportunities to get on with the implementation!

If not, let me know and I can help you find them!! Happy to help.