

Opportunity Recognition

So, what is opportunity recognition? **Opportunity recognition** is actually a process that's found in the way that individuals and businesses with an entrepreneurial mindset approach new business ventures or ideas. In many ways, it is a constant brainstorming in which individuals look for "new and improved ways" of addressing problems. It could be a brand new business idea or even new products or services that fulfill customers' needs and expectations.

You've probably had a thought at some point and considered, "Hey, I bet I could make money doing this!" That's an example of opportunity recognition. You recognize that you have an idea or a capability that could be beneficial to a particular audience. Some people seize on these ideas and turn them into new opportunities that drive business growth by creating new streams of revenue.

Opportunity recognition is important because it helps a business stay relevant and be successful long-term. What would have happened to Amazon if it had not embarked on digital books, the buyout of Whole Foods and new ways of shipping to customers quickly, and instead focused solely on selling books on its website? It may not even still be around, and it certainly wouldn't be as relevant of a player as it is in the retail environment.

What is opportunity recognition

When it comes to recognising opportunities, knowledge is crucial. With this in mind, let's look closely at different types of opportunity recognition.

To become an opportunity, an idea needs to be evaluated and acted upon.

To become a business opportunity, your idea needs to have a potential economic value:

- It needs to be able to create profit. There have to be customers willing to pay for the product.
- It should also be new and innovative.
- It also needs to be attractive and desirable for people who want to buy it.

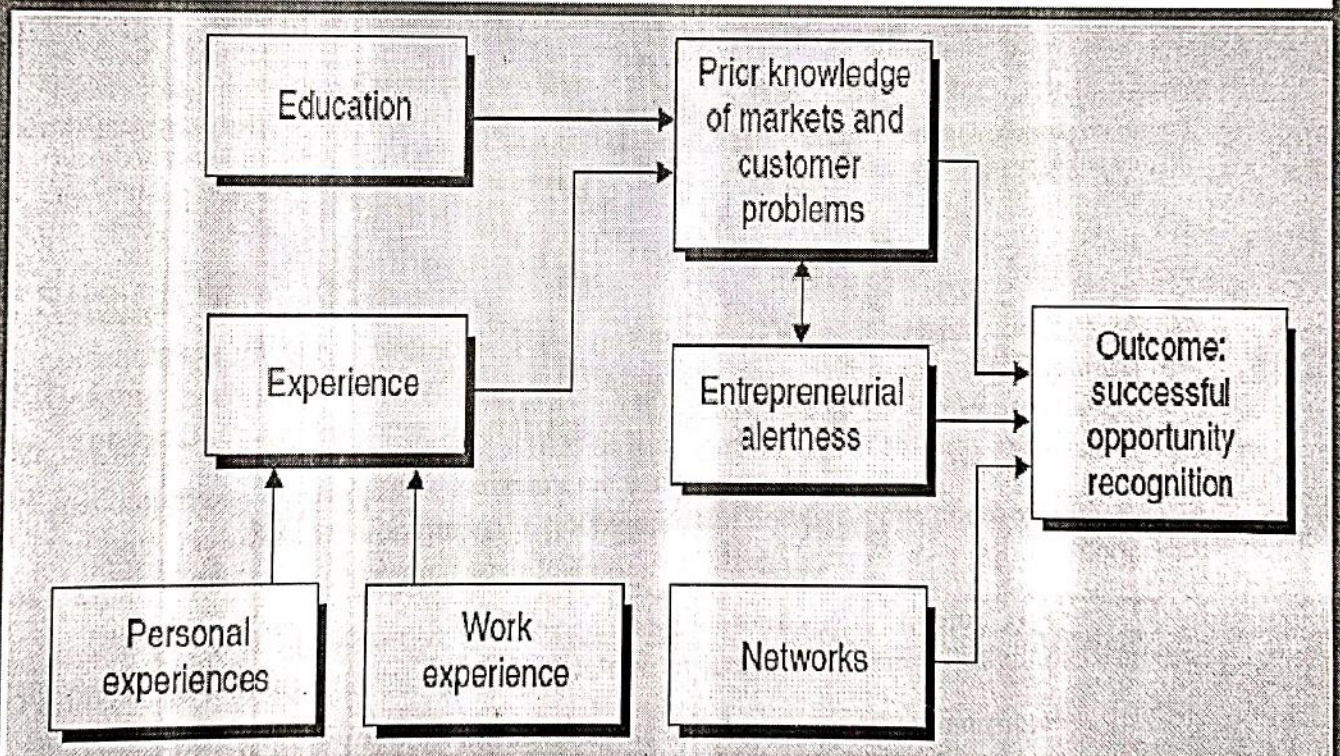
There are two ways to recognise opportunities:

a cognitive process. It relies on the ability of people to recognise patterns and connect the dots.

Entrepreneurs create opportunities when they engage with others in bouncing ideas back and forth, and each time it becomes more specific what the user needs are and how they are going to be solved. Creating opportunities is a social process. It relies on the ability of entrepreneurs to interact.

Main take away message
there are two ways to recognize opportunities: discovering or creating. It is up to you as an entrepreneur which way is most suitable for you and which actions to take to enable opportunity recognition.

Figure 4.5 - A Model of the Opportunity Recognition Process



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Opportunity Recognition, Shaping and Reshaping

- Entrepreneurship is all about opportunity. To have a successful entrepreneurial endeavor, your idea needs to be an opportunity.

- Moving from an idea to a viable opportunity is an iterative process.

Idea Generation

- Most successful ideas are driven by the entrepreneur's personal experience.
- Start by looking inside yourself and deciding what you really enjoy.
- Launching an entrepreneurial venture takes a tremendous amount of time and energy.
- How do you go about finding your passion?
- Think deeply about all the things that give you joy.
- To help refine your self-analysis, talk to people in your "sphere of influence."
- During your search of "self," you may realize that you are passionate about something but haven't yet developed the skill set to successfully translate that passion into a viable business.
- Once you identify your passions, you have a strong base to start to identify ideas for business opportunities.
- All great ideas start with a seed of an idea.
- The trick is moving from that seed to something that is robust, exciting, and powerful.
- Doing so requires input from others, such as your fellow cofounders, trusted mentors, friends, and family.
- Avoid becoming a "cocktail-party entrepreneur."

Gather Stimuli

- IDEO does this through a process called customer anthropology, in which the IDEO team goes out and observes customers in action in their natural environment and identifies their pain points.
 - During the "gathering stimuli" phase, just observe.
 - Ideally, you'll gather stimuli as a team so that you have multiple interpretations of what you have learned.

Multiply Stimuli

- Here, the team members report back on their findings and then start brainstorming on the concept and how to improve upon the solution.
- The key to this phase of development is to generate as many diverse ideas as possible.

- As you go through this multiplication stage, brain-writing is a useful technique to avoid prematurely squashing interesting extensions.
- Instead of publicly discussing the ideas, have everybody vote on the three to five they like best by placing different-colored sticky notes on the sheets.
- The key to this phase of development is to generate as many diverse ideas as possible.

Create Customer Concepts

Build a simple mock-up of what the product will look like.

Create Customer Concepts

- This helps the team visualize the final product and see which features/attributes are appealing, which are detrimental, and which are nice to have but not necessary.
- This process allows for rapid-fire prototyping of ideas, and it also provides the luxury of failing early and often before making substantial investments in a bricks-and-mortar establishment.

Optimize Practicality

- The next and last step is to optimize practicality, when the team will identify those features that are unnecessary, impractical, or simply too expensive.
- If the previous steps have gone well, the team has learned a tremendous amount about what the customer may want, and that means they have a deeper understanding of the features/attributes that create the greatest value for the customer.
- The entire idea-generation process is iterative.
- At each of the four steps we've presented, you learn, adjust, and refine.
- Nonetheless, up to this point you still don't know whether your idea, which is now very robust and well thought out, is a viable opportunity.

Idea to Opportunity

- The difference between venture success and failure is a function of whether your idea is truly an opportunity.
- There are five major areas you need to fully understand prior to your launch:
 - customers,

- competitors,
- suppliers and vendors,
- the government, and
- the broader global environment

1. The Customer

- During the investigation stage, you would focus your attention on better understanding your PTA.
- The PTA may be your most frequent, loyal customers, but to increase your revenues, you'll want to bring in some of your STA as well.
- Understanding which STA is the most lucrative helps you make better growth decisions.
- Once you begin operating, a TTA may emerge that has more potential than you originally realized.
- Part of your investigation phase should include creating customer profiles in terms of demographics and psychographics.
- In order to best capture customers, you need to spot trends that are currently influencing their buying behavior and that might influence it in the future.
- When considering trends, look at broader macro trends and then funnel down to a more narrow focus on how those trends affect your customer groups.
- Trends create new product/service categories, or emerging markets, that can be especially fruitful places to find strong entrepreneurial opportunities.
- Trends often foretell emerging markets and suggest when the window of opportunity for an industry is about to open.
- Reaching the customer can be very difficult, even for the most experienced entrepreneur.
- One of the most overlooked keys to entrepreneurial success is distribution.
- Most nascent entrepreneurs turn out to be defining their competition too narrowly.
- To fully identify the competition, start with the customer.
- You must identify direct competitors, indirect competitors, and substitutes.

- The number and strength of your competitors mirror the market structure.

2. The Competition

- There are several sources of intelligence you can tap.
- While your direct competition is most relevant to your success, you also should spend some time understanding why your target customer is interested in your indirect competitors and substitutes.
- As you examine the competitive profile matrix, you understand the competitors' strategy and which customers they are targeting.
- Although you'll want to be aware of every potential competitor and substitute, focusing on a few in depth will help you devise a successful strategy.

3. Suppliers & Vendors

- Your suppliers can have tremendous power, and that will directly affect your margins.

4. The Government

- Taxes are lower than in most nations in the world, the time required to register a new business is shorter, and the level of regulations is generally lower.
- In certain industries, government regulation and involvement are significantly higher, such as in pharmaceuticals and medical devices.
- As an entrepreneur, you need to be aware of government requirements and their impact on your business.

5. The Global Environment

- As the world marketplace becomes global, your opportunity is increasingly strengthened by looking overseas.

The Opportunity Checklist

Customer	Better Opportunities	Weaker Opportunities
Identifiable	PTA	STA
Demographics	Clearly defined and focused	Fuzzy definition and unfocused
Psychographics	Clearly defined and focused	Fuzzy definition and unfocused
Trends		
Macro market	Multiple and converging	Few and disparate
Target market	Multiple and converging	Few and disparate
Window of opportunity	Opening	Closing
Market structure	Emerging/fragmented	Mature/decline
Market size		
How many	PTA	STA
Demand	Greater than supply	Less than supply
Market growth		
Rate	20% or greater	Less than 20%
Price/Frequency/Value		
Price	GM > 40%	GM < 40%
Frequency	Often and repeated	One time
Value	Fully reflected in price	Penetration pricing
Operating expenses	Low and variable	Large and fixed
Net Income Margin	>10%	<10%
Volume	Very high	Moderate
Distribution		
Where are you in the value chain?	High margin, high power	Low margin, low power
Competition		
Market structure	Emerging	Mature
Number of direct competitors	Few	Many
Number of indirect competitors	Few	Many
Number of substitutes	Few	Many
Stealth competitors	Unlikely	Likely
Strength of Competitors	Weak	Strong
Key success factors		
Relative position	Strong	Weak
Vendors		
Relative power	Weak	Strong
Gross margins they control in the value chain	Low	High
Government		
Regulation	Low	High
Taxes	Low	High
Global environment		
Customers	Interested and accessible	Not interested or accessible
Competition	Nonexistent or weak	Existing and strong
Vendors	Eager	Unavailable

Further Evaluation

- After doing a thorough analysis, some entrepreneurs conclude that the marketplace isn't as large or accessible or that the competition is much greater than they expected, and they quickly reach the conclusion that they should abandon their dreams.
- In fact, you'll always find a reason for the business to fail.
- There will be areas of weakness in any business model, and it is human nature to amplify those weaknesses until they seem insurmountable.
- First, how can you modify your business model so that it isn't as weak in those aspects?
- Second, what can go right as you launch your business?
- The entrepreneurial process is one of continuous adjustment.
- To prematurely abandon your concept after some negative feedback from your analysis is a mistake unless the negatives far outweigh the positives
- It is also natural to assume the worst possible outcomes, fixating on the weak aspects of the business model and failing to recognize what can go right.
- Your pre-launch analysis is just a starting point.
- You need to understand the variables in your business model, how they might be greater or less than you initially imagine, and what that might mean for your business.

Business plan

A business plan is a blueprint of the step by step procedure.

→ that would be followed in order to convert a business idea into a successful business venture.

It involve the following tasks:

→ Identifying business opportunities and an innovative idea.

→ Researching the external environment and opportunities and threats.

→ Identify internal strengths and weakness.

→ Assessing the feasibility of that idea.

→ Allocating resources in the best possible manner.

Objectives of a business plan

→ To give direction to the vision of entrepreneur

→ To objectively evaluate the future prospects of the business.

→ To monitor the progress after implementation of the plan.

→ To seek loans from financial institutions.

→ To facilitate the decision making process.

→ To persuade others to join the business.

- To identify strengths and weaknesses present in the internal environment.
- To identify opportunity and threats in the external environment.
- To assess the ~~from~~ feasibility of the business.

Preparation of a business plan

A good business plan must identify S&W to the business and challenges in terms of opportunity and threats to assess the viability of the business.

It must lay down all the necessary steps that are involved in initiating and operating a processed business.

Preparation of a business plan involves the following steps.

Preliminary investigation.



Idea Generation



Environment Scanning



~~for~~ feasibility analysis



Drawing functional plans.



Project report preparation



Evaluation, Review and Control

① preliminary investigation

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In order to create an effective plan an entrepreneur must -

→ Review available business plans.

→ Draw key business assumptions on which plan is based.

→ Scan the environment for strengths, weaknesses, opportunity and threats.

→ seek professional advice.

→ conduct a functional audit.

② idea generation

It involves generation of a new concept product / service or value addition to an existing product or service.

The idea must be such that satisfy the existing demands and future demands of mkt.

Sources of ideas : consumers.

Existing companies.

Research & Development

employees.

Dealers & Retailers.

Screening of ideas is done to identify practical ones and eliminate impractical one.

The most feasible and the most promising idea is selected for further investigation.

③ Environment Scanning

The internal & external environment must be analysed to study the prospective strengths, weaknesses, opportunities and threats of the business.

An entrepreneur must collect information from all formal and informal sources in order to understand the supportive and obstructive factors related to the business enterprise.

④ Feasibility analysis

Feasibility analysis is done to find out whether the proposed project will be feasible or not. The various variables that are studied include:

1. Market analysis
2. Technical / operational analysis
3. Financial analysis

⑤ Drawing functional plans

If the feasibility plans give a positive indication a draft business plan is formulated. It involves preparation of the following functional plans:

1. Market plans
2. Product / operational plans
3. Organizational plan
4. Financial plan
5. Human Resource plan

⑥ project report preparation

It is a written document that describes step by step, the strategy involved in starting and operating a business. It is prepared when environmental scanning has been done and feasibility studies have been carried out.

⑦ evaluation, review and control

In order to keep up with the dynamic environment and successfully face global competition a business must be continuously evaluated and reviewed. It is necessary to periodically evaluate, control, and review a business to keep up with the technological changes and introduce changes in the business strategy.

Elements of a Business Plan

- If this is a first attempt at writing a business plan, it may be very helpful to seek the advice of individuals with experience in this process.
- Although building a business plan does not guarantee success, it does raise an entrepreneur's chances of succeeding in business.
- A business plan typically ranges from 25 to 40 pages in length.
- Entrepreneurs must recognize that, like every business venture, every business plan is unique.
- **Title Page and Table of Contents** –
- **Executive Summary** – It should be concise-a maximum of two pages-and should summarize all of the relevant points of the business venture. The executive summary is a synopsis of the entire plan, capturing its essence in a capsulized form.
 - The company's business model and the basis for its competitive edge.
 - The company's target market(s) and the benefits its products or services will provide customers.
 - The qualifications of the founders and key employees.
 - Key financial highlights (e.g., sales and earnings projections, capital required, rates of return on the investment, and when any loans will be repaid).
- **Vision and Mission Statement** – It is the broadest expression of a company's purpose and defines the direction in which it will move.
 - Goals are broad, long-range statements of what a company plans to achieve in the future that guide its overall direction.
 - Objectives, on the other hand, are short-term, specific performance targets that are attainable, measurable, and controllable.
- **Company History** – This section should describe when and why the company was formed, how it has evolved over time, and what the owner envisions for the future.
- **Business and Industry Profile** – This section should provide the reader with an overview of the industry or market segment in which the new venture will operate.
- **Business Strategy** – In the previous section, the entrepreneur defined where to take the business by establishing goals and objectives. This section addresses the question of how to get there- the business strategy.

- **Description of the Company's Product or Service** – The emphasis of this section should be on defining the unique characteristics of the company's products or services and the benefits customers get by purchasing them, rather than on just a "nuts and bolts" description of the features of those products or services.
- **Marketing Strategy** – Defining the target market and its potential is one of the most important – and most challenging – parts of building a business plan.
 - Proving that a profitable market exists involves two steps: documenting market claims and showing customer interest.
- **Documenting Market Claims** – Providing facts about the sales potential of a product or service requires market research. Results of market surveys, customer questionnaires, and demographic studies lend credibility of an entrepreneur's frequently optimistic sales projections.
- **Showing Customer Interest** – This section of the business plan should address the company's plans for advertising, pricing its products and service, distributing them, and choosing a location.
- **Competitor Analysis** – Who are the company's key competitors? What are their strengths and weaknesses? What are their strategies? What images do they have in the marketplace? How successful are they? What distinguishes the entrepreneur's product or service from others already on the market, and how will these differences produce a competitive edge?
- **Description of the Management Team** – A plan should describe the qualifications of business officers, key directors, and any person with at least 20 percent ownership in the company.
- **Plan of Operation** – To complete the description of the business, the owner should construct an organization chart identifying the business's key jobs and the qualifications of the people occupying them. Finally, a description of the form of ownership and of any leases, contracts, and other relevant agreements pertaining to the business is helpful.
- **Pro Forma Financial Statements** – Whether assembling a plan for an existing business or for a start-up, an entrepreneur should carefully prepare monthly projected financial statements for the operation for the next year (and for two more years by quarter) using past operating data, published statistics, and research to derive three sets of forecasts of the income statement, balance sheet, cash forecast and a schedule of planned capital expenditures.
 - It is also important to include a statement of the assumptions on which these financial projections are based.

- **Loan or Investment Proposal** – The loan or investment proposal section of the business plan should state the purpose of the financing, the amount requested, and the plans for repayment or, in the case of investors, an attractive exit strategy.
- **Loan or Investment Proposal** –
 - Another important element of the loan or investment proposal is the repayment schedule and exit strategy.
 - Finally, an entrepreneur should have a timetable for implementing the proposed plan.
- There is a difference between a working business plan- the one the entrepreneur is using to guide her business-and the presentation business plan- the one she is using to attract capital.

Business Plan Tips

- Realize that first impressions are crucial.
- Make sure the plan is free of spelling and grammatical errors and "typos."
- Make it visually appealing.
- Include a table of contents with page numbers to allow readers to navigate the plan easily.
- Make it interesting.
- A plan must prove that the business will make money.
- Use computer spreadsheets to generate financial forecasts.
- Always include cash flow projections.
- The ideal plan is "crisp," long enough to say what it should but not so long that it is a chore to read.
- Tell the truth .

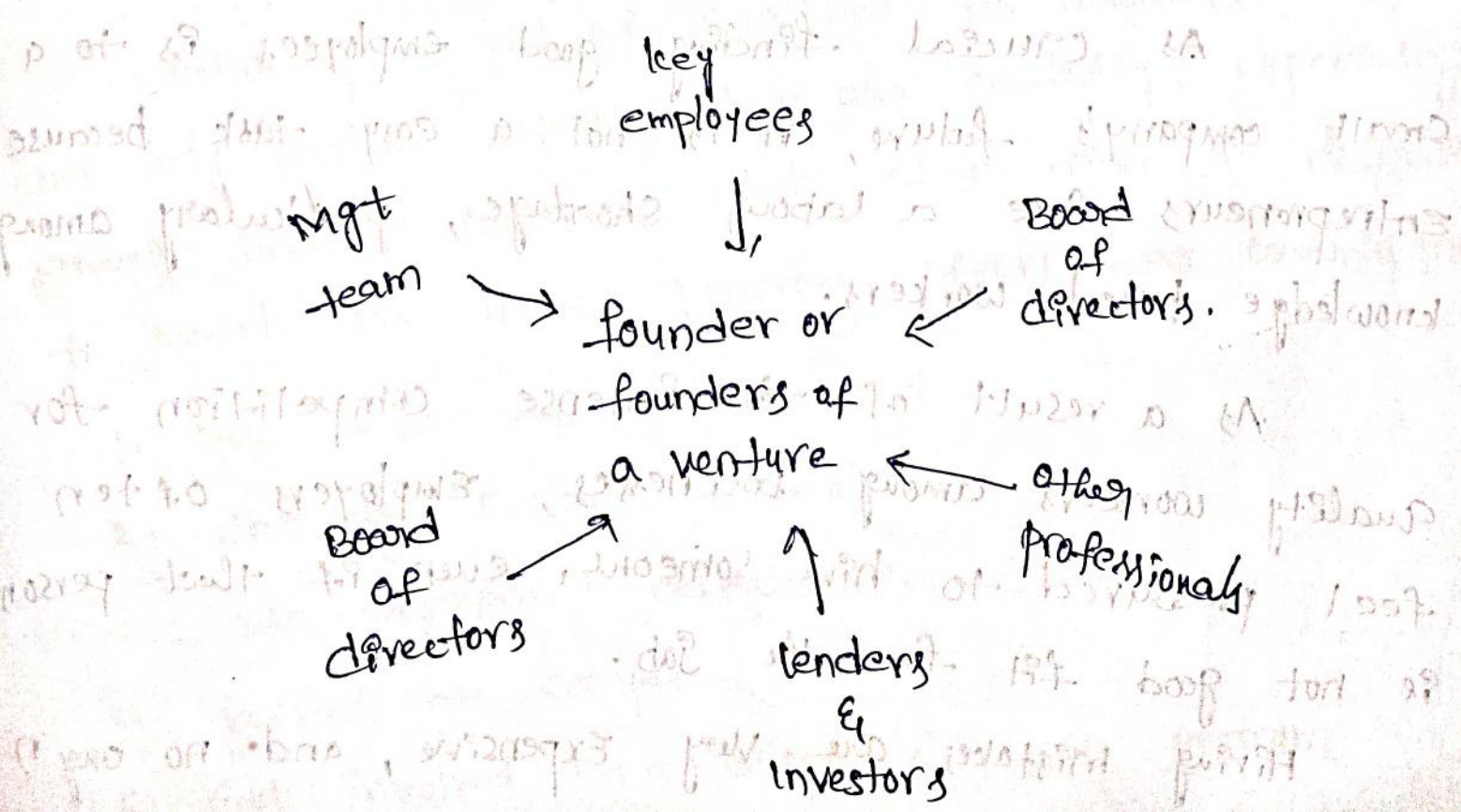
New Venture Team

New venture team is a group of founders, key-employees and advisors that move a new venture from an idea to a fully functioning firm.

Usually, the team doesn't come together all at once. Instead, it is built as the new firm can afford to hire additional personnel. The team also involve more than paid employees.

New venture have a high propensity to fail. The high failure rate is due in part to liability of newness. Assembling a talented and experienced mgt team is one path that firms can take to overcome these limitations.

Elements of a new-venture team



12 → The decision to hire a new employee is an
one for every business, but its impact is magnified
many times in a small company.

→ Every new hire a business owner makes determines the
heights to which the company can climb - or - depths to
which it will plunge.

→ Even the best training program can't overcome a flawed
hiring decision.

The most common causes of a company's poor hiring decision

→ Mgr's who fail to follow consistent, evidence-based
selection process.

→ Mgr's who fail to provide candidates with sufficient
infoⁿ about the job for which they are hiring.

As causal finding good employees is to a
small company's future, it is not a easy task because
entrepreneurs face a labour shortage, particularly among
knowledge based workers.

As a result of the intense competition for
quality workers among businesses, employers often
feel pressured to hire someone, even if that person
is not good fit for the job.

Hiring mistakes are very expensive, and no orgⁿ
especially small ones, can afford too many of them.

companies says that in addition to the amount that they must spend on recruiting, selecting, and training for the employee's replacement, the cost of lower employee morale.

In many small businesses, the hiring process is informal and the results often are unpredictable.

Hiring winners

① Commit to hiring the best talent

Smart entrepreneurs follow the old adage, A players hire A players; B players hire C players.

② Elevate recruiting to a strategic position in the company

The recruiting process is the starting point for building quality into a company.

Attracting a pool of qualified job candidates requires not only constant attention, but also creativity, especially among smaller companies that often find it difficult to match the more generous offers large companies make.

1. Look inside the company first
2. Encourage employee referrals
3. Make employment advertisements stand out
4. Recruit on campus.
5. Get involved in a college internship program
6. Recruit retired workers.
7. Offer what workers want.

19 Creating practical job descriptions & specifications

1. Job analysis: It is the process by which a firm determines the duties and nature of jobs to be filled and the skills and experience required of the people who are to fill them.
2. Job description is a written statement of the duties, responsibilities, reporting relationships, working conditions and methods and techniques as well as material and equipment used in a job.
3. Job specification is a written statement of the qualifications and characteristics needed for a job stated in terms such as: education, skills & experience.

Plan an effective interview

The following guidelines will help entrepreneurs develop interview questions that will give them meaningful insight into an applicant's qualifications, personality and character.

1. Involve others in the interview process.
2. Develop a series of core questions and ask them of every candidate.
3. Create hypothetical situations candidates would be likely to encounter on the job and ask how they would handle them.

Plan an effective interview –

- Probe for specific examples in the candidate's past work experience that demonstrate the necessary traits and characteristics.
- Ask candidates to describe a recent success and a recent failure and how they dealt with them.
- Arrange a "non-interview" setting that allows several employees to observe the candidate in an informal setting.

Conduct interview

You're hiring a new employee and you've done the hard work of attracting, prescreening, and shortlisting your candidates.

- Develop job-related questions by talking to employees currently in the role.
- Ask the right types of questions by sticking to behavioural and situational interview questions.
- Include a job-related test.
- Follow the (modified) KISS principle – Keep It Simple & Structured
- Create an interview scorecard using a rating scale.
- All things being equal, hire the candidate with the highest interview score.

Reference and background check

A background check helps employers verify a candidate's claim on employment history, address verification, education check, criminal record, gap verification and reference check

Leadership in the New Economy

- Leadership is the process of influencing and inspiring others to work to achieve a common goal and then giving them the power and the freedom to achieve it.
- Entrepreneurs can learn to be effective leaders, but the task requires dedication, discipline, and hard work.

- Leaders of small companies must gather information and make decisions with lightning-fast speed, and they must give workers the resources and the freedom to solve problems and exploit opportunities as they arise.

Effective leaders empower employees to act in the best interest of the business

- Business leaders should exhibit the following characteristics:
 - Innovative.
 - Passionate.
 - Willing to take risks.
 - Adaptable.
- Effective leaders exhibit certain behaviors. They:
 - Create a set of values and beliefs for employees and passionately pursue them.
 - Establish a culture of ethics.
 - Define and then constantly reinforce the vision they have for the company.
 - Respect and support their employees.
 - Set the example for their employees.
 - Create a climate of trust in the organization.
- Effective leaders exhibit certain behaviors. They:
 - Build credibility with their employees.
 - Focus employees' efforts on challenging goals and keep them driving toward those goals.
 - Provide the resources employees need to achieve their goals.
 - Listen to their employees.
 - Value the diversity of their workers.
 - Celebrate their workers' successes.
 - Are willing to take risks.
 - Encourage creativity among their workers.
 - Maintain a sense of humor.

- Create an environment in which people have the motivation, the training, and the freedom to achieve the goals they have set.
- Create a work climate that encourages maximum performance.
- Become a catalyst for change.
- Develop leadership talent.

Keep their eyes on the horizon.

- Research suggests that there is no single "best" style of leadership; the style a leader uses depends, in part, on the situation at hand.
- Servant leadership is a leadership style in which a leader takes on the role of servant first and leader second.
- An entrepreneurial leader must perform many important tasks, including the following:
 - Add the right employees to the entrepreneurial team and constantly improve their skills.
 - Create a culture for motivating and retaining employees.
 - Plan for "passing the torch" to the next generation of leadership.

Global aspects of entrepreneurship

Successful small businesses are figuring out how to master the transition from being a local company to global. According to the U.S. Department of Commerce, more than 70 percent of the world's purchasing power is located outside of the United States. That's why many businesses are jumping on the global bandwagon – to capitalize on the potential of tremendous growth. Here are ten reasons to do so.

1. Increase sales and profitability.

Going global can provide new sources of revenue, yield greater returns on investments and secure long-term success for a business. The Internet makes it even easier to reach out to the world for business.

2. Enter new markets.

Have you saturated your local, core market? Then look beyond your region and consider a market overseas. Be sure to pick one that offers opportunity. You want a market where it's easy to enter, whose buyers desire your product or service. For example, is there a market for your products or services in Ireland? If so, get a jump on your competitors and get there before they do. This is called first-mover advantage.

3. Create jobs.

As you grow your business globally, you must support the additional workload. Hiring people is the solution and we know that the strength of our country lies in its ability to create jobs that help people live and prosper.

4. Offset slow growth in your home market.

Are you selling kale in your home market and only so many customers will buy it? Or are you selling specialized software and there's been a sudden decrease in demand for it? A way to overcome low growth in your home market is to look at overseas markets. Protect your company by exporting, using the Internet, licensing or franchising your products.

5. Outmaneuver competitors.

Taking one step to enter a new overseas market that your competitor hasn't entered might outmaneuver that domestic-only rival with stronger company performance.

6. Enlarge the customer base.

If the company currently has 1,000 customers, why not increase the base to 2,000 by entering a foreign market via ecommerce or a collaborative sales partnership? You'll need support to get the work done so consider adding people to get the processes in place.

7. Create economies of scale in production.

Your company is ramping up and producing 20,000 hammers at once because an outfit in Ireland, Japan or Australia wants to buy them and won't buy a single case. The more you produce, the greater the chances of lowering the per-unit manufacturing costs.

8. Explore untapped markets with the power of the Internet.

With an ecommerce site, customers worldwide might eventually find you, provided you've made it easy for them to do so. Move into the markets that generate a heavy concentration of inquiries on your website. You may not have anticipated a particular geographic area would be a ripe market, but the people there are telling you it is.

9. Make use of excess capacity off-season.

To insulate the business from seasonal sales fluctuations, find foreign markets to counterbalance dips in demand. For instance, some firms gear up for the holiday season, only to see sales nosedive in January. Sell to other nations with peak-buying seasons early in the new year to avoid a winter sales slowdown.

10. Travel to new countries.

Then there's the fun factor in taking a business global. Not only will you connect with people from all over the world, but you'll also have an excuse to meet with them in person to grow the relationship and the business. Treat it as an exciting learning adventure.

Strategies for going global:

There are many reasons businesses look for international expansion, but before all of that, you will first need a strong market entry strategy. Business today are not restricted to any geographical boundaries. A company that's had success in the domestic market may well find its way across the globe if they have a world class product. Entering foreign markets has many benefits such as achieving economy of scale, earning foreign currency, gaining global customers, and distributing risks. There are many ways in which a firm can enter a foreign market, but the challenge is to choose the right strategy. In this blog post, we'll take you through the perfect market entry strategies to enter international markets.

According to the market entry strategy experts at Infiniti, "The market entry strategy of companies has been developing, giving companies the opportunity to go worldwide in a short period of time."

Perfect market entry strategies to enter international markets:

(1) Licensing

Licensing occurs when one company transfers the right to use or sell a product to another company. A company may choose this method if it has a product that's in demand and the company to which it plans to license the product has a large market. For example, a movie production company may sell a school supply company the right to use images of movie characters on backpacks, lunchboxes and notebooks.

(2) Franchising

A franchise is a chain retail company in which an individual or group buyer pays for the right to manage company branches on the company's behalf. One of the most prevalent market entry strategies that is gaining popularity across the world is franchising. Franchising works well for organizations that have a trustworthy business model like McDonald's fast food chain or Starbucks instant coffee. Businesses who take up franchising should make sure that they earn a good brand name, build on it, and promote it. The franchising business model is outstanding as it doesn't need huge investments from the franchise, builds a reputable brand name, and earns a franchise fee.

(3) Joint Ventures

Joint ventures are a particular form of partnership that involves the creation of a third independently managed company. It is the 1+1=3 process. Two companies agree to work together

in a particular market, either geographic or product, and create a third company to undertake this. Risks and profits are normally shared equally. The best example of a joint venture is Sony/Ericsson Cell Phone.

(4) Buying a Company

In some markets buying an existing local company may be the most appropriate entry strategy. This may be because the company has substantial market share, are a direct competitor to you or due to government regulations this is the only option for your firm to enter the market. It is certainly the most costly and determining the true value of a firm in a foreign market will require substantial due diligence. On the plus side this entry strategy will immediately provide you the status of being a local company and you will receive the benefits of local market knowledge, an established customer base and be treated by the local government as a local firm.

(5) Foreign direct investment

Foreign direct investment (FDI) is when you directly invest in facilities in a foreign market. It requires a lot of capital to cover costs such as premises, technology and staff. FDI can be done either by establishing a new venture or acquiring an existing company.

(6) Direct exporting:

Producing the product in the home country and just shipping the surplus to a new country is the easiest way to enter foreign markets. This market entry strategy can be perfect for brand new companies who do not have enough funds to take risks. It is also easier for the firms to hire agents or distributors who will take care of exporting and promoting the new product in the new market. But, one significant challenge is the fact that companies may not be able to react to customer communications as quickly as a local agent.

(7) Outsourcing

Outsourcing involves hiring another company to manage certain aspects of business operations for your company. as a market entry strategy, it refers to making an agreement with another company to handle international product sales on your company's behalf. Companies that choose to outsource may relinquish a certain amount of control over the sales of their products, but they may justify this risk with the revenue they save on employment cost.

(8) Crating a presence on the web

Perhaps in our technology rich global environment, the fattest, least expensive and lowest cost strategic option to developing a global business presence is to create a web site. With a well-designed web site, an entrepreneur can extend its reach to customers anywhere in the world and without breaking the budget. A company website is available to anyone anywhere in the world and provides exposure 24 hours a day to its products or services seven days a week.

Barriers to international trade.

1. Cultural and social barriers: A nation's cultural and social forces can restrict international business. Culture consists of a country's general concept and values and tangible items such as food, clothing, building, etc. Social forces include family, education, religion, and custom. Selling products from one country to another country is sometimes difficult when the culture of the two countries differs significantly.

2. Political barriers: The political climate of a country plays a major impact on international trade. Political violence may change the attitudes towards foreign firms at any time. And this impact can create an unfavorable atmosphere for international business.

3. Tariffs and trade restrictions: Tariffs and trade restrictions are also barriers to international trade. They are discussed below:

- **Tariffs:** A duty or tax, levied on goods brought into a country. Tariffs can be used to discourage foreign competitors from entering a digestive market. Import tariffs are two types-protective tariffs and revenue Tariffs.
- **Quotas:** A limit on the amount of a product that can leave or enter a country.
- **Embargoes:** A total ban on certain imports or exports.

Barriers to international trade

4. Boycotts: A government boycott is an absolute prohibition on the purchase and importation of certain goods from other countries. For example, Nestle products were boycotted y a certain group that considered the way nestle promoted baby milk formula to be misleading to mothers and harmful to their babies in fewer developed countries.

5. Anti-dumping Penalties: It is one kind of practice whereby a producer intentionally sells its products for less than the cost of the product in order to undermine the competition and take control of the market.

6. Monetary Barriers: There are three such barriers to consider:

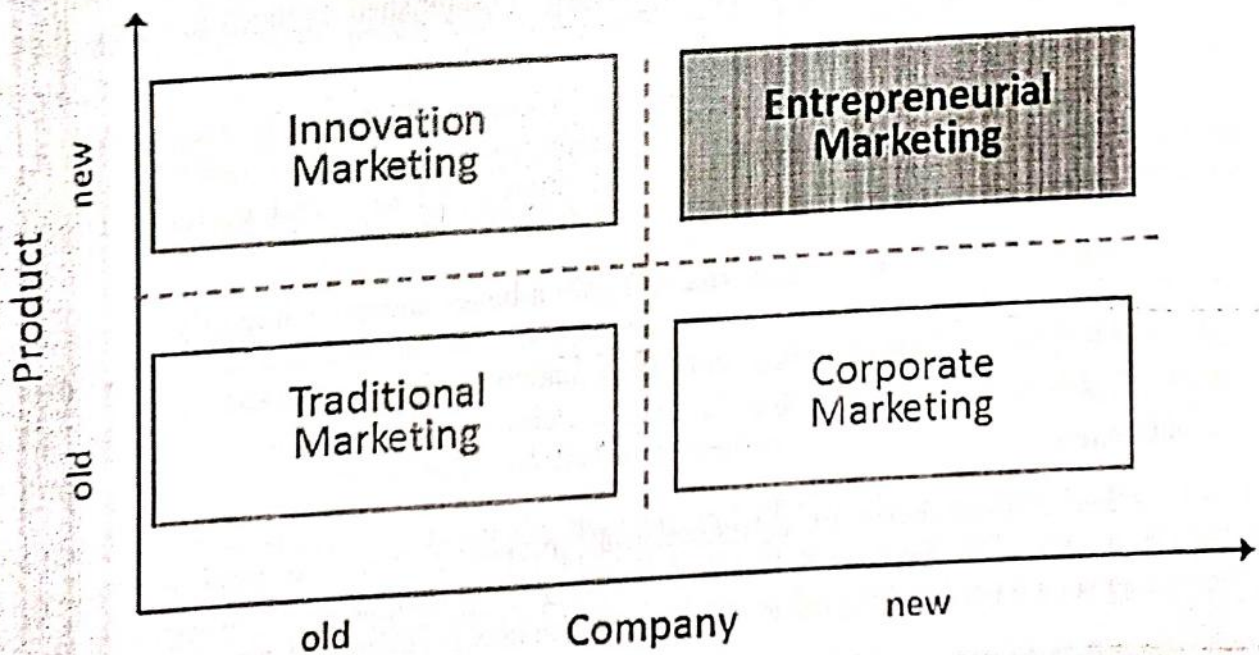
- **Blocked currency:** The blocked currency is used as a political weapon in response to the difficult balance payments situation. The blockage is accomplished by refusing to allow importers to exchange their national currency for the seller's currency.
- **Differential exchange rate:** The differential exchange rate is a particularly ingenious method of controlling imports. It encourages the importation of goods the government deems desirable and discourages the importation of goods the government does not want. The essential mechanism requires the importer to pay the varying amount of domestic currency for foreign currency with which to purchase products in different categories. Such as desirable and less desirable products.
- **Government approval for securing foreign exchange:** Countries experiencing severe shortages of foreign exchange often use it. At one time or another, most Latin American and East European countries have required all foreign exchange transactions to be approved by the central bank. Thus importers who want to buy foreign goods must apply for an exchange permit that is permission to exchange an amount of local currency for foreign currency.

Entrepreneurial marketing

Marketing and entrepreneurship have been regarded traditionally as two distinct fields of study. A growing awareness of the importance of entrepreneurship and innovation to marketing, and of marketing to successful entrepreneurship, has led to attempts to combine the two disciplines as "entrepreneurial marketing". The main thrust of entrepreneurial marketing is an emphasis on adapting marketing to forms that are appropriate to small and medium-sized enterprises (SMEs), acknowledging the likely pivotal role of the entrepreneur in any marketing activities.

Entrepreneurial marketing includes innovation, risk taking, and being proactive. Entrepreneurial marketing campaigns try to highlight the company's greatest strengths while emphasizing their value to the customer. Focusing on innovative products or exemplary customer service is a way to stand out from competitors. They make this pitch using cheap and accessible tools including viral videos, Tweets, Facebook pages, and email marketing. Any and all marketing strategies can be considered as long as they produce results.

Entrepreneurial marketing mostly addresses environments where products and companies are rather new. Besides, the liability related to newness and the limited resources of startups are the main problems in entrepreneurial marketing.



Definition

A contemporary definition that meets the present scope in which entrepreneurial marketing is defined as: "the proactive identification and exploitation of opportunities for acquiring and

retaining profitable customers through innovative approaches to risk management, resource leveraging and value creation."

6 Essential Characteristics of Entrepreneurial Marketing

The world is constantly changing. Businesses need to be unique to succeed. The secret to every business idea is effective marketing. Without marketing, it is impossible to attract customers. One of the ways through which you can market your products is entrepreneurial marketing.

Entrepreneurial marketing is not the same as traditional marketing. It follows a bottom-up approach. This means that ideas are developed first before finding a target audience or segment, unlike traditional marketing which focuses on finding a target audience first.

Once the entrepreneur manages to identify a market, they would test the product through trial and error. Then, they would serve the customers by satisfying their needs.

It would enable the entrepreneur to expand the business by leveraging direct contact with customers and learning about their preferences.

To overcome problems that come along the way, entrepreneurial marketing is necessary. It is best described by considering the following characteristics of entrepreneurial marketing.

Proactive Orientation

One of the characteristics of entrepreneurial marketing is proactive orientation.

Entrepreneurial firms have to continuously search for new ways to gain a competitive advantage. This is where the need to make changes to established methods in production or marketing becomes necessary.

A proactive approach allows firms to constantly evaluate different techniques to determine what works best for them. To succeed as an entrepreneur, it is crucial to test the waters and come up with a unique marketing strategy that allows you to attract customers to your products.

As you continue to try out new ideas, you will gain a better understanding of your customer base. It will help catapult your business to new heights. The fact is that proactive orientation is all about seeking the new and trying something that no one has ever done before.

Innovativeness

Among other characteristics of entrepreneurial marketing that you need to master is innovativeness. An innovative firm has the ability to ensure a flow of new ideas. By maintaining such a flow, it is possible to come up with new products and services.

Since the world has become extremely competitive, it is crucial to gain the upper hand by focusing on being innovative. If there is something that you can do differently or in a better way, you will be able to attract customers.

Entrepreneurial marketing depends heavily on innovativeness. People are drawn to innovation. If you can provide them with something new or different, they are likely to take an interest in what you have to offer. You can start by learning how to be more innovative.

Focus on Customers

Next, entrepreneurial marketing requires firms to focus on their customers. An entrepreneur has to adopt a creative approach for acquiring, retaining, and developing customers.

When you pay attention to your customers, you equip your firm with the knowledge to meet customer requirements.

The truth is that it is impossible to do marketing right without focusing on your customers. You need to be able to connect with customers to get them hooked. This is only possible when you devote your efforts to learning more about your client base.

As you boost your customer knowledge, you will come up with a marketing strategy that enables you to best target your audience. It is a characteristic that you cannot afford to overlook.

Utilize Opportunity

Speaking of characteristics of entrepreneurial marketing, we should mention that the pursuit of opportunity is essential. You must recognize its importance and devote your efforts towards making the most of it.

In fact, entrepreneurship is generally termed as a process that involves discovery and evaluation to exploit opportunities.

An entrepreneurial opportunity is a situation wherein new goods and services are introduced by analyzing customers' needs. Only when you understand the market will you be able to find an opportunity that you can utilize.

By utilizing opportunities that come your way, your chances of succeeding as an entrepreneur are increased. However, you must be continuously on the lookout for new opportunities as you might just identify something amazing that allows you to take your firm to the next level.

Risk Management

Since entrepreneurs are known for taking risks, they need to focus on risk management. Entrepreneurship is all about risk calculation. It requires the identification of risk factors and attempts to mitigate or control those risk factors altogether.

Entrepreneurial marketing relies on the management of risk. It is integral to its success. Without proper risk management, you are likely to fail. Hence, you need to learn more about risk management. It will help ensure that you are prepared for what is to come.

By improving your risk management capabilities, you can expect to limit the risk and take calculated risks for the best outcome. You will find it to be useful as it will boost your probability of success.

Value Creation

Finally, entrepreneurial marketing requires value creation. It is an important part of the mix. With value creation, you get to move past innovation and focus on improving your relationship with customers.

When you provide value, you get to show customers that your product or service is worth the cost.

Value creation is something that every entrepreneur needs to provide. It is a prerequisite for ensuring transactions are made. The characteristic requires entrepreneurs to come up with ways to add value to the lives of their customers.

If you can convince people that your product or service adds value, you will have no trouble getting customers interested in what you have to offer. However, it can be difficult to create value. You need to ensure that your innovativeness bears fruit.

Whether you want to provide internet marketing services or any other services to your client base, you have to make it count.

Entrepreneurial Marketing Tactics and Strategies

In competitive markets, it can be easy for entrepreneurial businesses to get lost. One of the biggest challenges for entrepreneurs is standing out from the competition. In order to remain relevant, it's necessary to employ unusual and more aggressive tactics in entrepreneurial marketing. In order to make the most of limited marketing budgets, entrepreneurs need to work smarter than more traditional marketing teams.

When it comes to growing and developing a small business or startup, a wide array of tactics need to be employed. Entrepreneurial marketing, meaning a collection of tactics and philosophies that fuel leads and revenue for the sole proprietor and startup businesses, is more about innovating a way of thinking about lead generation rather than adhering to a strict set of best practices.

Marketing and entrepreneurship go hand-in-hand, but traditional marketing ideas don't always work for lean startup businesses. While traditional marketing is oriented specifically around the customer, entrepreneurial marketing works best with a more entrepreneur-focused orientation. A top-down funnel ideology may work well in traditional marketing — segmentation, targeting and positioning takes place to generate content and collateral for various funnel positions. Meanwhile, entrepreneurs practice a reverse process — marketing starts with the bottom-funnel ideal customer and works backward.

Entrepreneurial Marketing Tactics and Strategies

There is a wide array of tactics that can be employed easily by entrepreneurs and startups looking to launch and scale their business. Here are a few of our favorite ways to tie marketing and entrepreneurship:

❖ Relationship Marketing

Rather than focusing on acquiring a wide group of cooler leads and nurturing them toward a sale over time, relationship marketing focuses on individual customers with a high potential of loyalty. This is accomplished through products and services that outshine the competition and a direct, transparent approach that gives the customer direct insight into a brand, business and production process. This lends well to entrepreneurial marketing, as it allows leaders in these businesses to forge direct connections with each of their customers, theoretically creating higher lifetime value for each customer.

❖ Thought Leadership

Thought leadership marketing aims to provide an entry point to your business by positioning a leader in your company as an industry expert and trendsetter. There are still opportunities to highlight your product or service, but the core aim is for the individual to gain a following and a reputation as helpful and knowledgeable in the business space. This organic tactic requires a two-pronged approach of developing both the individual entrepreneur's voice and the company's brand voice but can have excellent payoff by marrying entrepreneurship and marketing in an organic way.

❖ Marketing Automation

Marketing automation enables entrepreneurs to tackle multiple channels and digital marketing tactics at once. Email marketing, social media, social listening, interactive campaigns, blogging and more can be centralized into a single marketing automation platform to create a more omnichannel and sophisticated entrepreneurial brand.

Most importantly, a centralized marketing automation platform can create efficiencies and reduce spending, saving both time and money for busy entrepreneurs. If you are searching for a digital marketing platform, look for one that offers marketing automation with all of the features mentioned above. This will save you a lot of time and money in the long run and help your business run a lot smoother.

Benefits of Entrepreneurial Marketing

Establishing an incredible enterprise is merely the first step in entrepreneurial marketing. Attracting customers needs marketing. While many businesses think marketing is the same as advertising, it's entirely much broader. Marketing stretches the whole process of submitting a product or service to a customer: from selecting which products to sell and where to sell them to how to cost and improve them. However, as an entrepreneur, you need to buy YouTube views for meeting customers' needs. At its most essential level, the "promotion" factor of marketing circulates the word about your business.

1. Marketing Informs

To attract clients in a crowded marketplace, your target audience requires understanding why they should select your business over somebody else's. This is where marketing arrives to enlighten current and possible customers about your business and how it attends to a need they have.

2. Marketing Engages

It's one aspect to give an improved in-person experience or a simple online shopping journey. However, marketing keeps your business in people's minds after marketing is over — and before they require you again.

To turn first-time customers into lifelong fans who will boost your business, you need to inaugurate and build relationships with the people who've interrelated with your business. Social Media is an incredible niche to start.

3. Marketing Builds Reputations

As a business owner or aspiring entrepreneur, you probably already know how valuable your reputation is to your success. It really can be the determining fact regardless of whether or not a customer chooses to get to you or one of your competitors.

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The dimension of customer determination builds on what is frequently viewed as a main driving force of marketing in the organization. A "customer-centric" orientation using inventive approaches to create, build, and maintain customer relationships.

8. Resource Leveraging

The magnitude of resource leveraging is not just a matter of effectively using scarce resources, but rather a creative, synergistic process. In some circumstances, it is identifying a resource not seen by others.

In some businesses, rather than being constrained by resource restrictions, the firms connive an innovative marketing strategy and are therefore able to access resources so more can be accomplished with less, frequently mitigating risk through a huge use of leveraging.

Studies found access to resources improves innovation and risk-taking at the same time resource constraints stifle entrepreneurial efforts. Contrarily, studies have found resource constraints led to bigger entrepreneurial efforts, conveying the entrepreneur's perception may be more significant than the resource availability.

9. Value Creation

Value creation, major in the explanation of the entrepreneurial activity, is also crucial to the marketing orientation of an enterprise. At the same time value creation is an important condition for exchange to occur, successful enterprises emphasize the value creation workouts best suited to their strategic objective within their competitive niche.

Although traditional marketing has placed more emphasis on the transaction and customer relationship, the focal fact of entrepreneurial marketing is inventive and oriented toward value creation. Entrepreneurs attain better results when they discover new ways to define, create, or find value.

10. Proactiveness

Proactiveness has been defined as taking action to influence a home's environment. Entailing two related marketing actions; organizational proactiveness consists of, one, processes by which the firm anticipates challenging catastrophes, and two, the actions used to manage those events.

From an entrepreneurial viewpoint, proactivity clarifies marketing actions of the firm to reconsider its external conditions, decrease the uncertainty, and lessen reliance and vulnerability.

11. Opportunity-Focused

Recognition and pursuit of opportunity are marketing strategies important to business success. The market fit is analyzed by the degree of fit compared to the abilities and resources of the business. The enterprise can choose the "right" opportunity that determines success.

An organization's market knowledge determines whether innovation is executed properly. Under limited ideal situations, market knowledge is a restriction, preventing the business from squandering resources in vain.

Market knowledge enables enterprises to take the right strategy at the right time, directing the organization to success.

Market knowledge enables enterprises to take the right strategy at the right time, directing the organization to success.