

The Underlying Characteristics of Exceptional Business Opportunities

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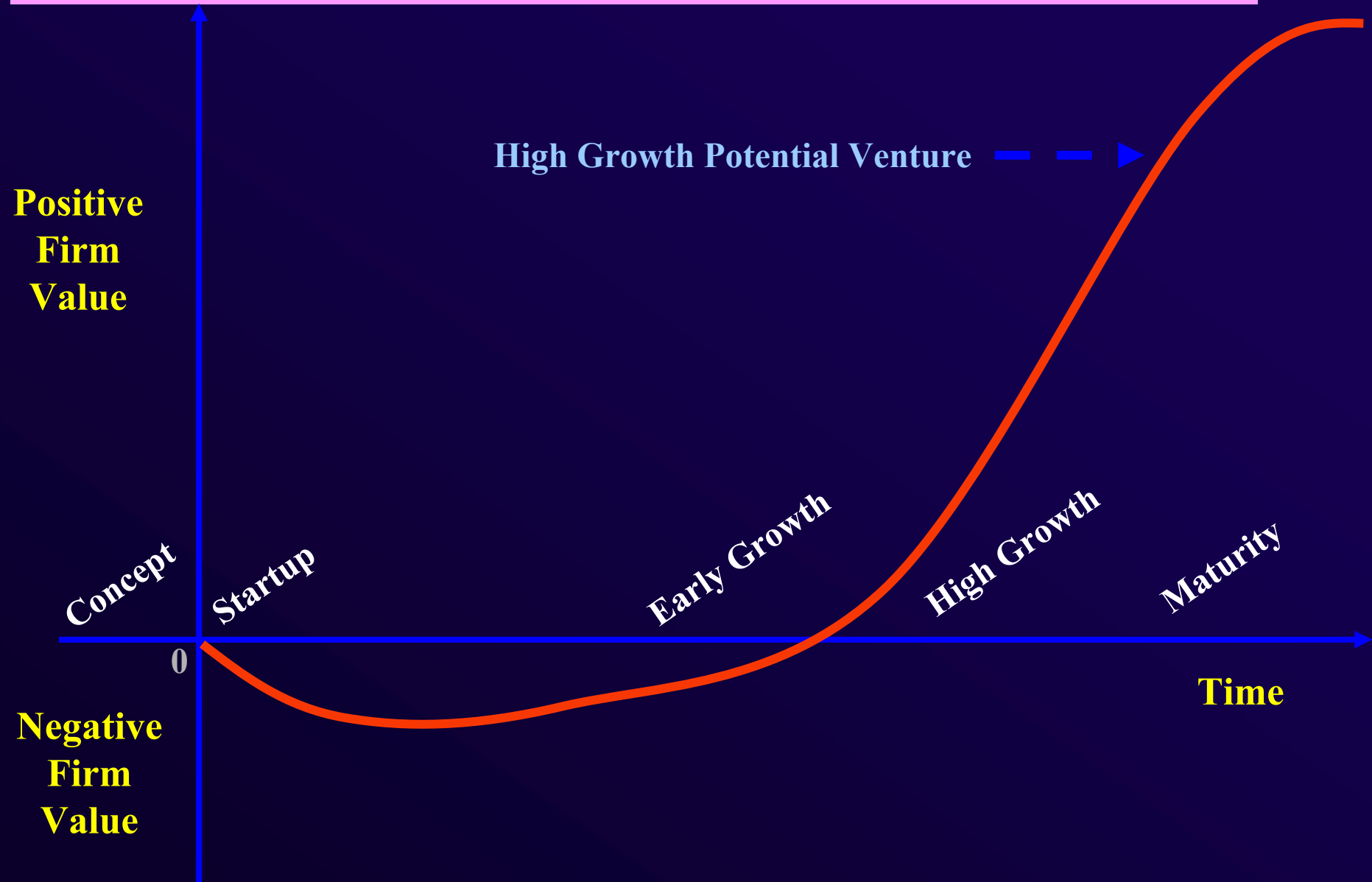
Overview

- ❑ Characteristics of successful businesses
- ❑ A framework for thinking about businesses
- ❑ What are opportunities
 - What are they?
 - Where are they found?
 - Underlying characteristics
- ❑ Sustainability: Growth beyond the initial stages

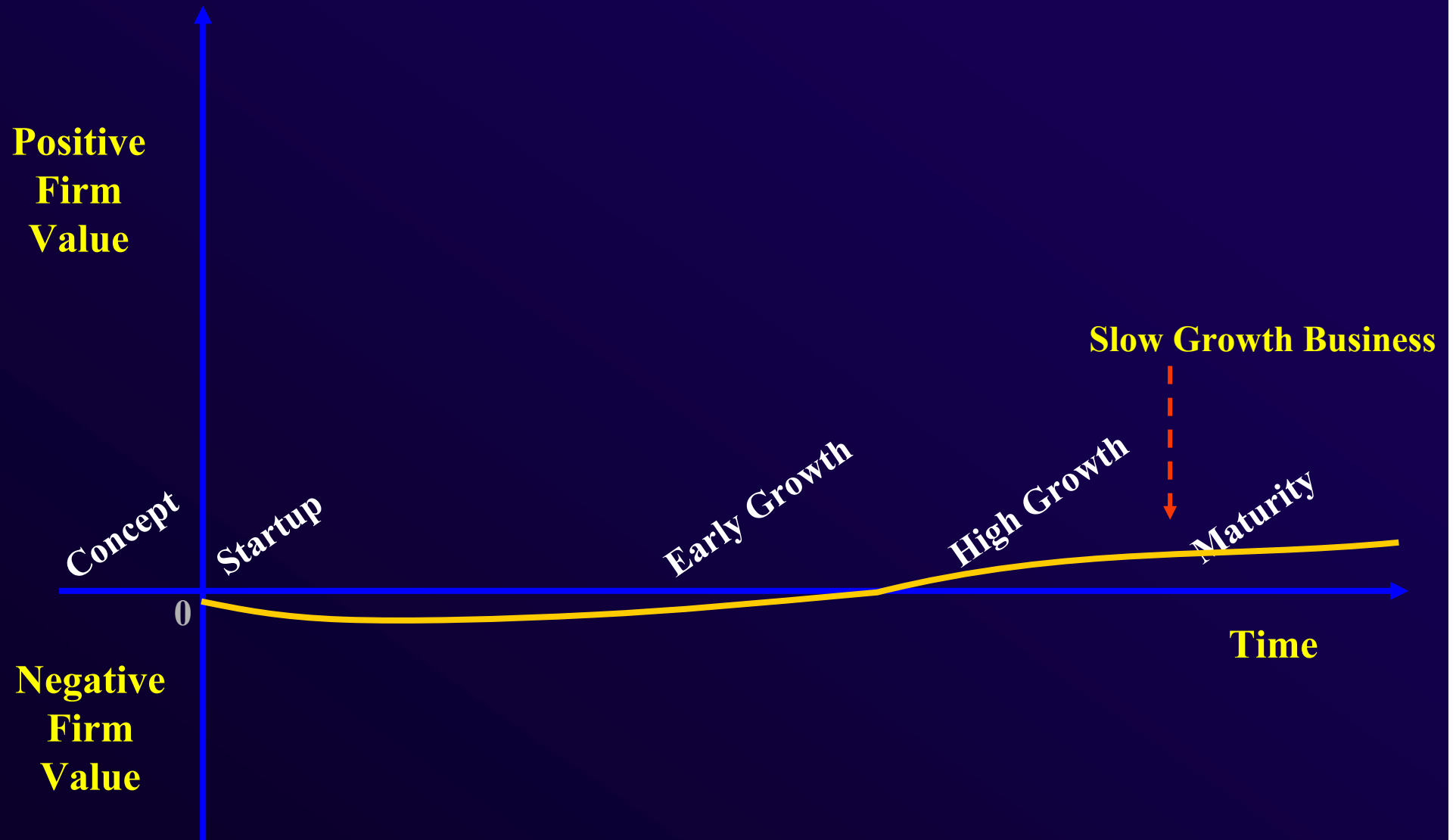
What characterises successful entrepreneurial businesses?

- ❑ This is a complex issue and there are many reasons why businesses are successful
- ❑ However, we do know that successful entrepreneurial businesses are built around ...
 - Exceptional **business opportunities**, and
 - Exceptional **teams** that ...
 - ✓ Develop sound **entrepreneurial strategies** to grow the business
 - ✓ Are **resourceful**
 - Are **growth oriented**

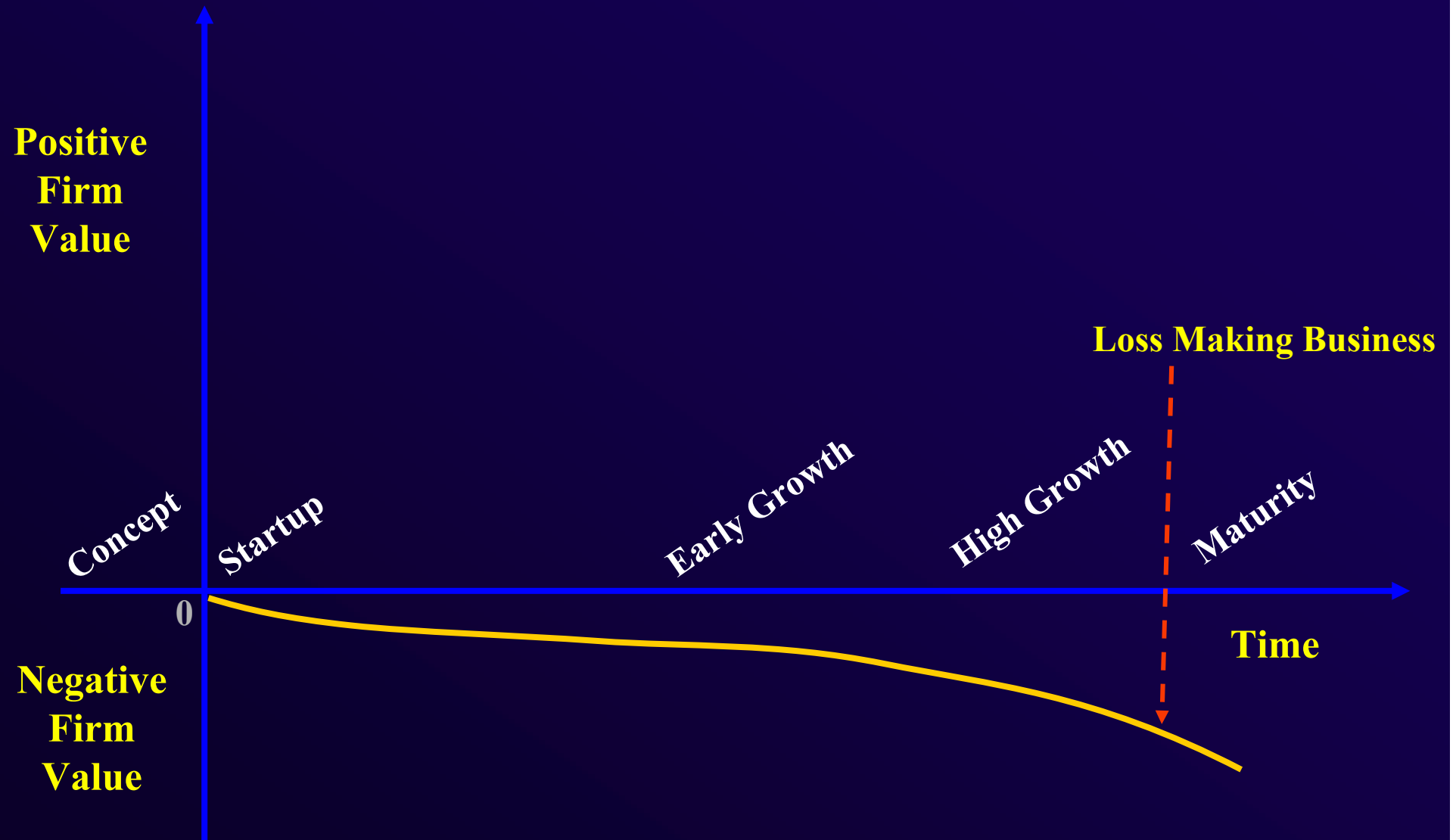
The profile of a successful business looks like this ...



Rather than this ...



Or worse, this ...



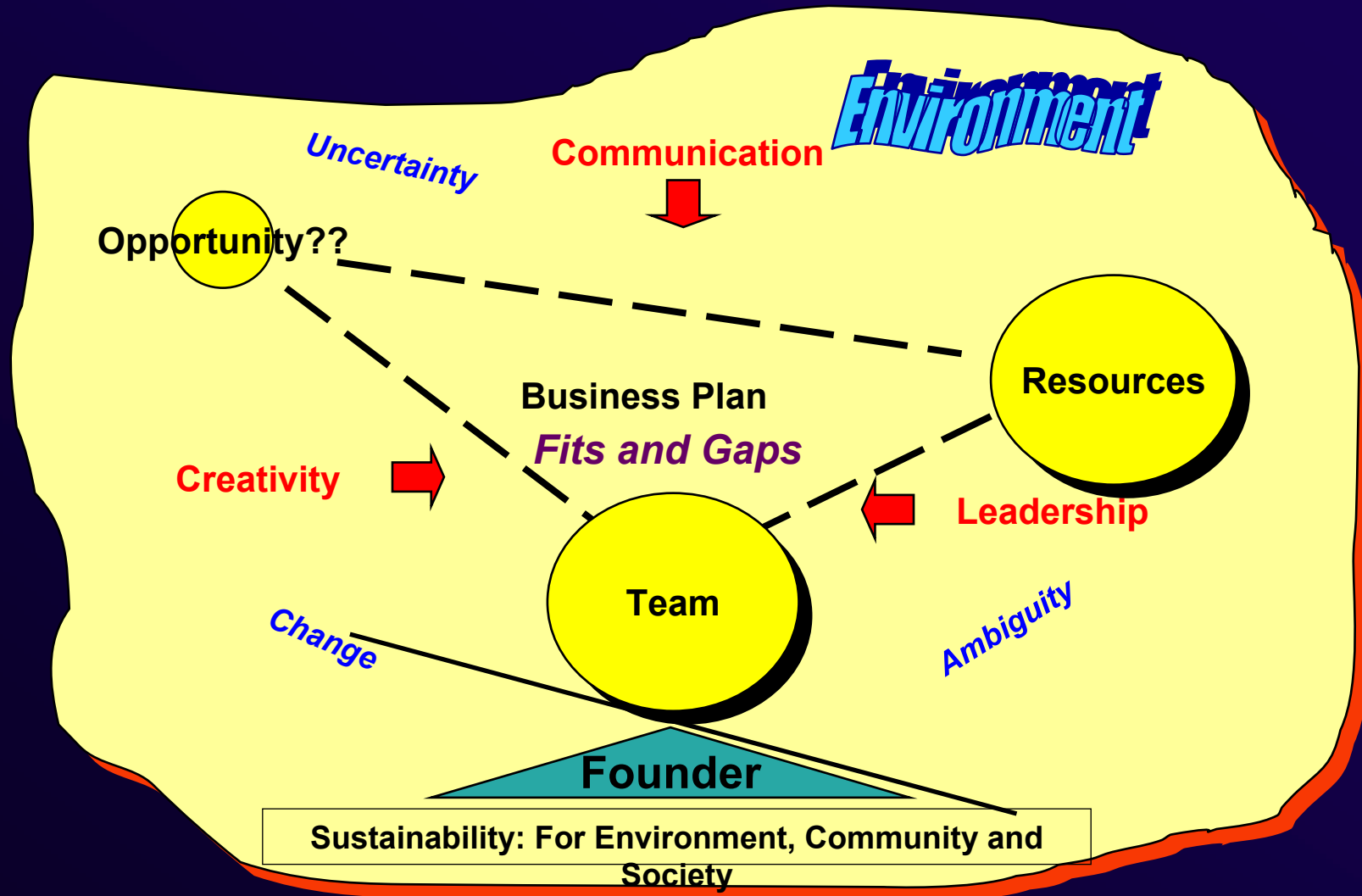
A Framework for Thinking about Businesses: Key Drivers are Balanced

Timmons, J. A. and S. Spinelli (2007). *New Venture Creation, Entrepreneurship for the 21st Century*. New York, McGraw Hill Irwin.



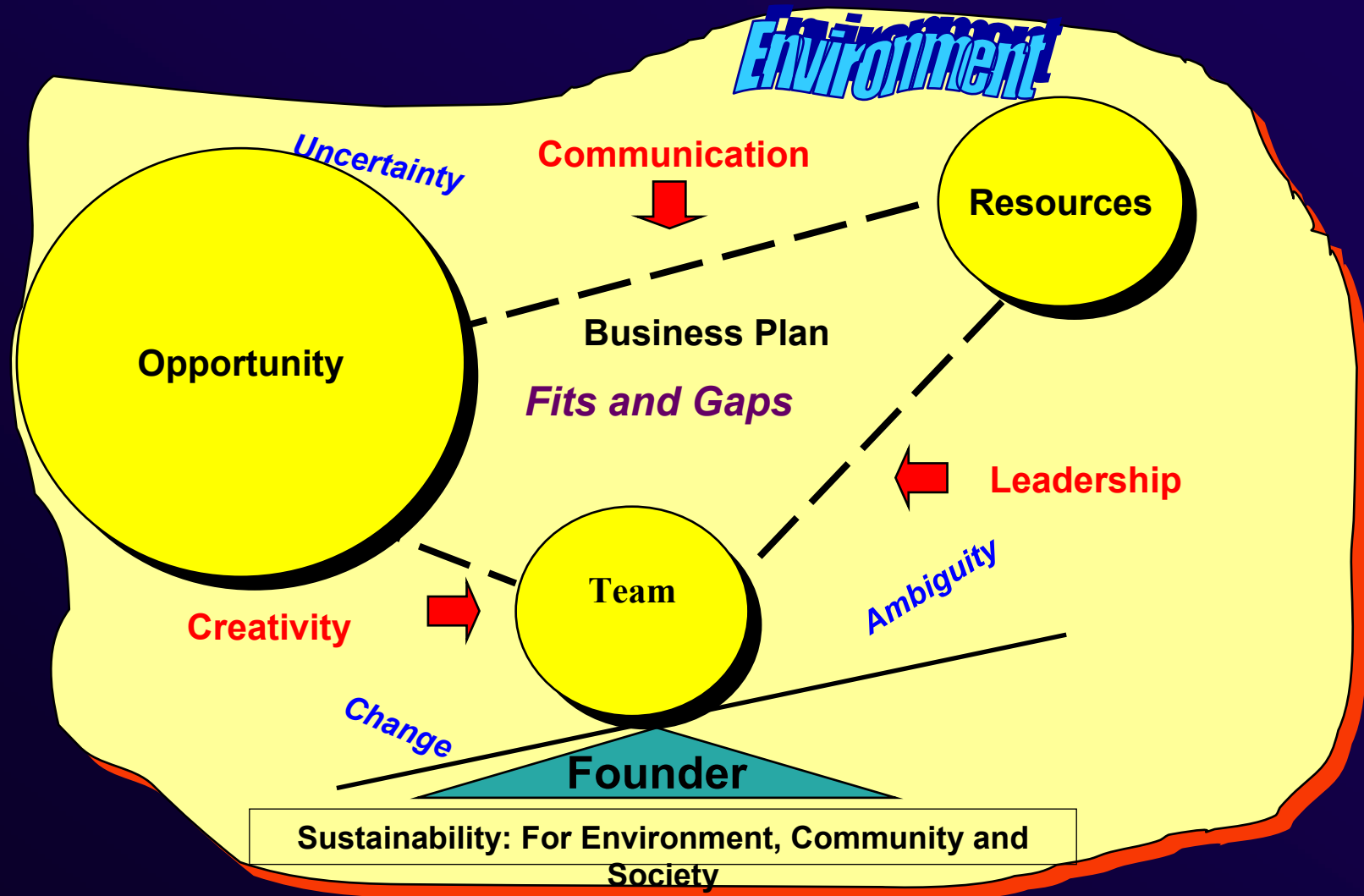
A Framework for Thinking about Businesses: When the opportunity is inadequate

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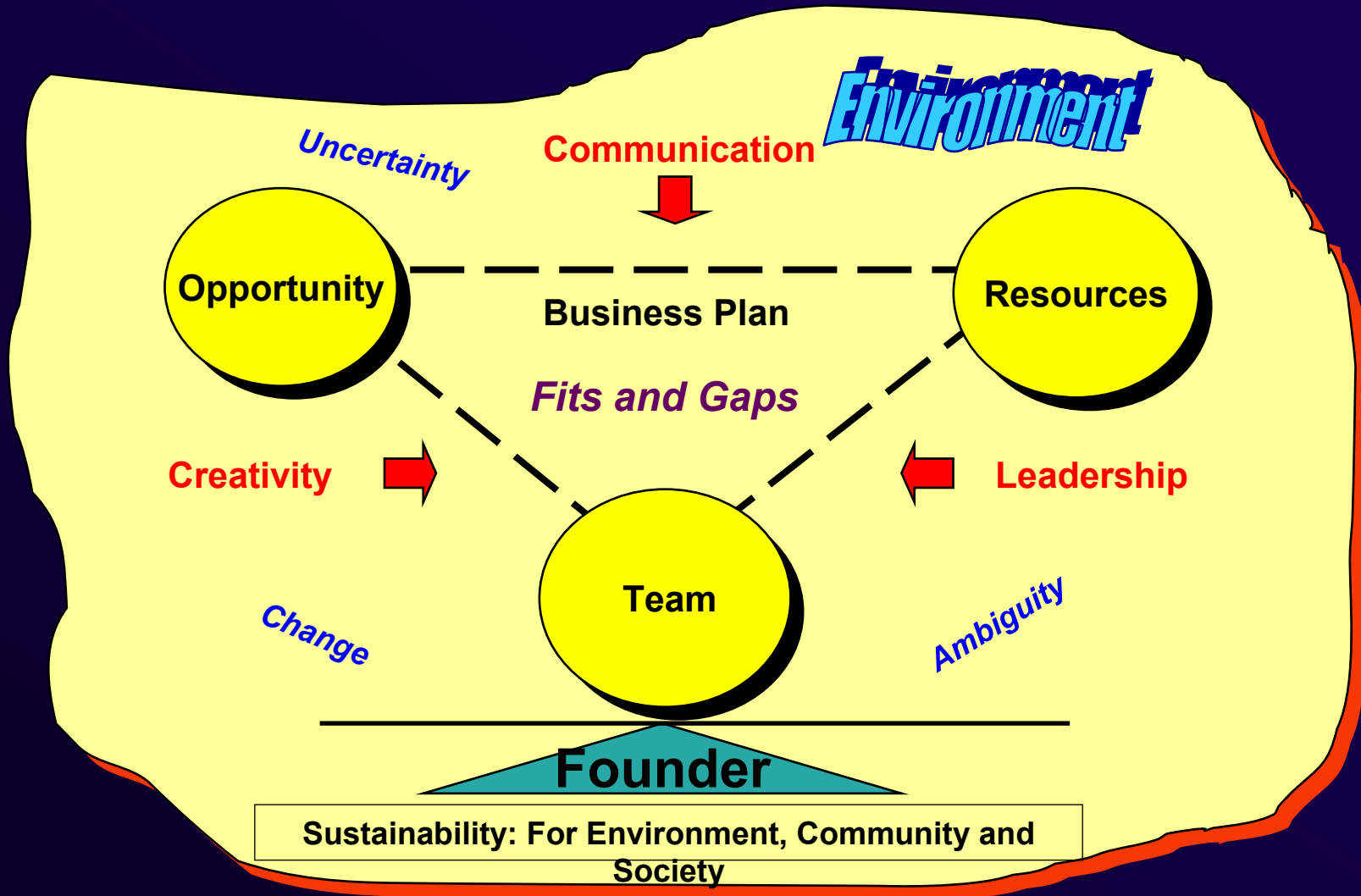
A Framework for Thinking about Businesses: When the opportunity is too big for the team

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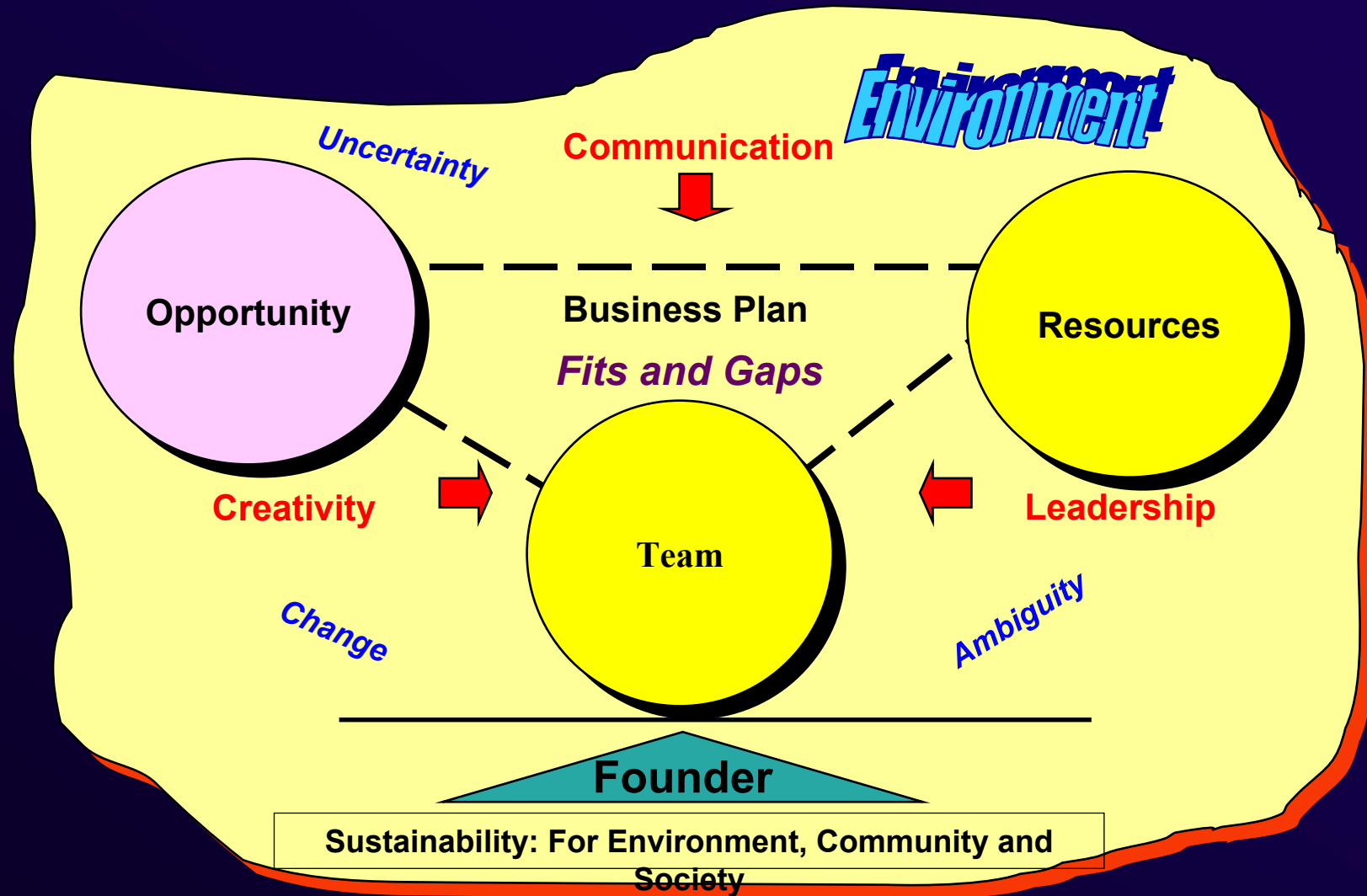
A Framework for Thinking about Businesses: What we want is this ... Key Drivers are Balanced

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A Framework for Thinking about Businesses: What characterises exceptional opportunities?

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Sustainability: For Environment, Community and Society

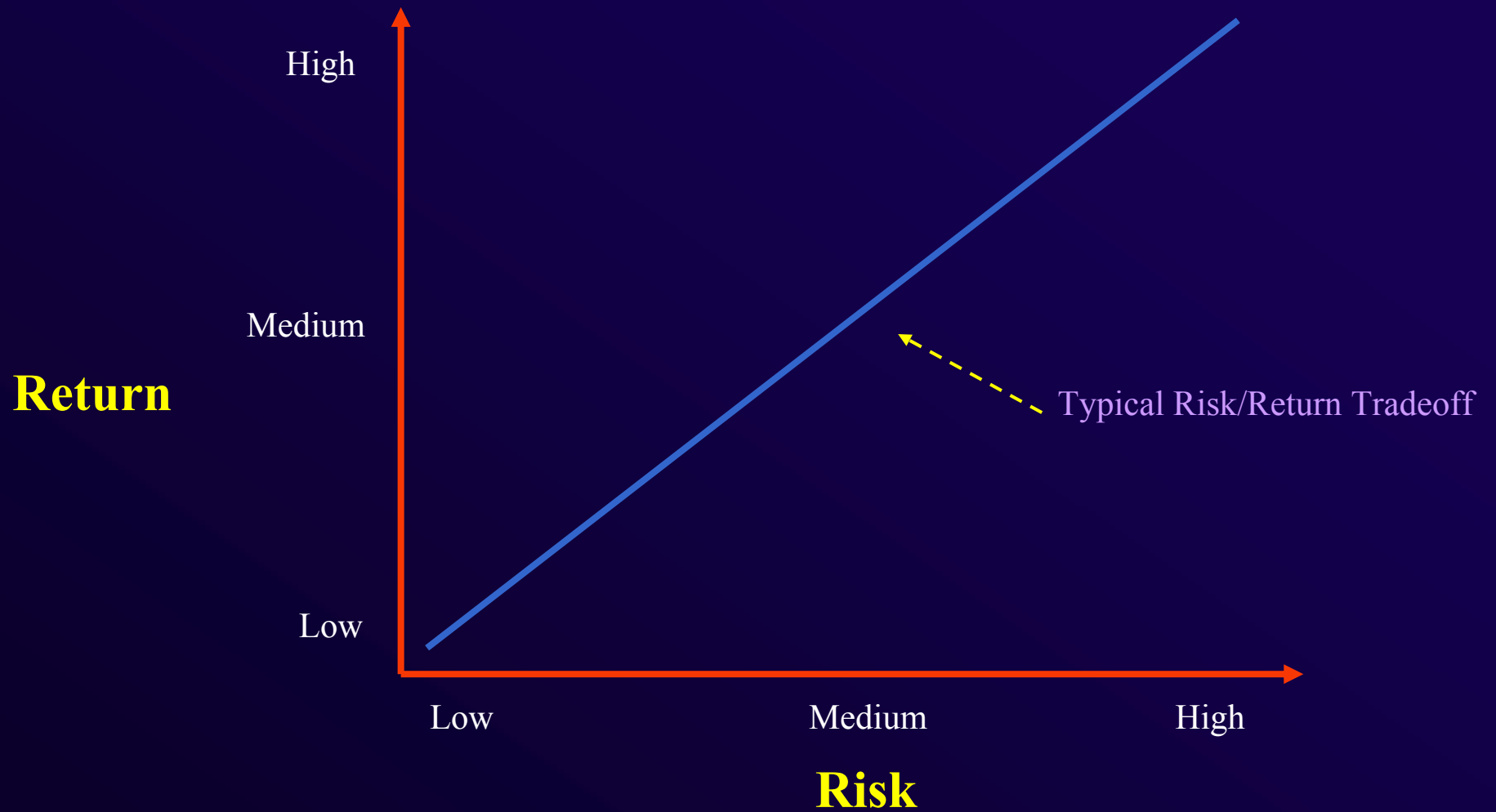
What are Opportunities?

- ❑ Opportunities have the qualities of being financially attractive, **durable**, and **timely** and are **anchored in products or services** that **create or add value** for buyers or end users.
- ❑ Opportunity is like beauty ... it is in the eyes of the beholder!

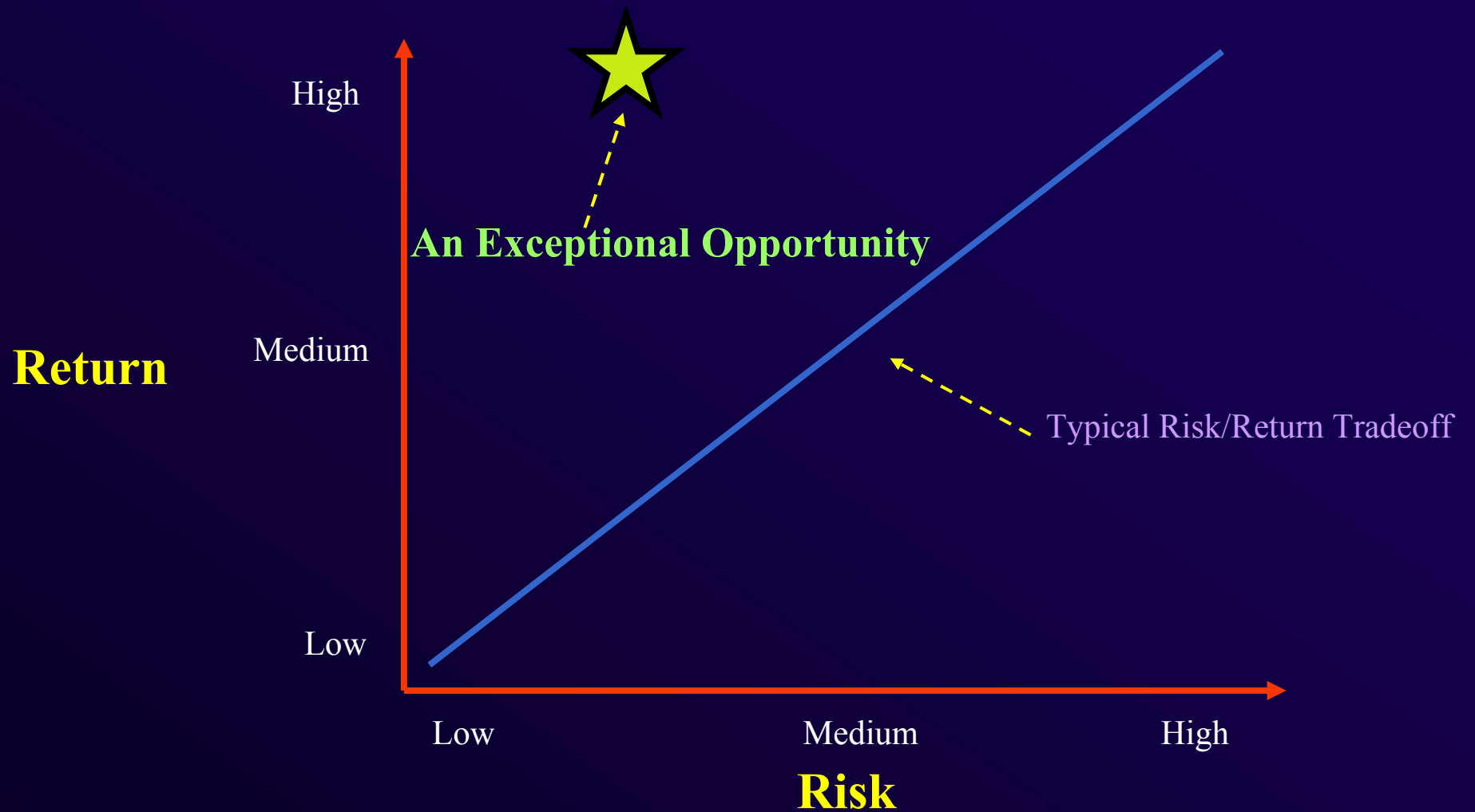
Where are Opportunities often found?

- Opportunities are spawned when there are ...
 - **adversity/problems** being faced
 - changing circumstances
 - uncertainty
 - inconsistencies in the market
 - time lags in the availability of information
 - knowledge or information gaps

Opportunity Characteristics: Risk-Return Tradeoffs



Opportunity Characteristics: Risk-Return Tradeoffs



Other Opportunity Characteristics

- Industry and market issues
- Financial issues
- Harvest issues
- Strategic differentiation issues

Industry and Market Issues

- ❑ Customer need
- ❑ Large market
- ❑ Growing market
- ❑ Bargaining power of customers and suppliers is low

Financial Issues

- ❑ High profit margins
- ❑ Breakeven and positive cash flow within two years
- ❑ High ROI potential
- ❑ Low asset intensity
- ❑ Rent roll

Harvest Issues

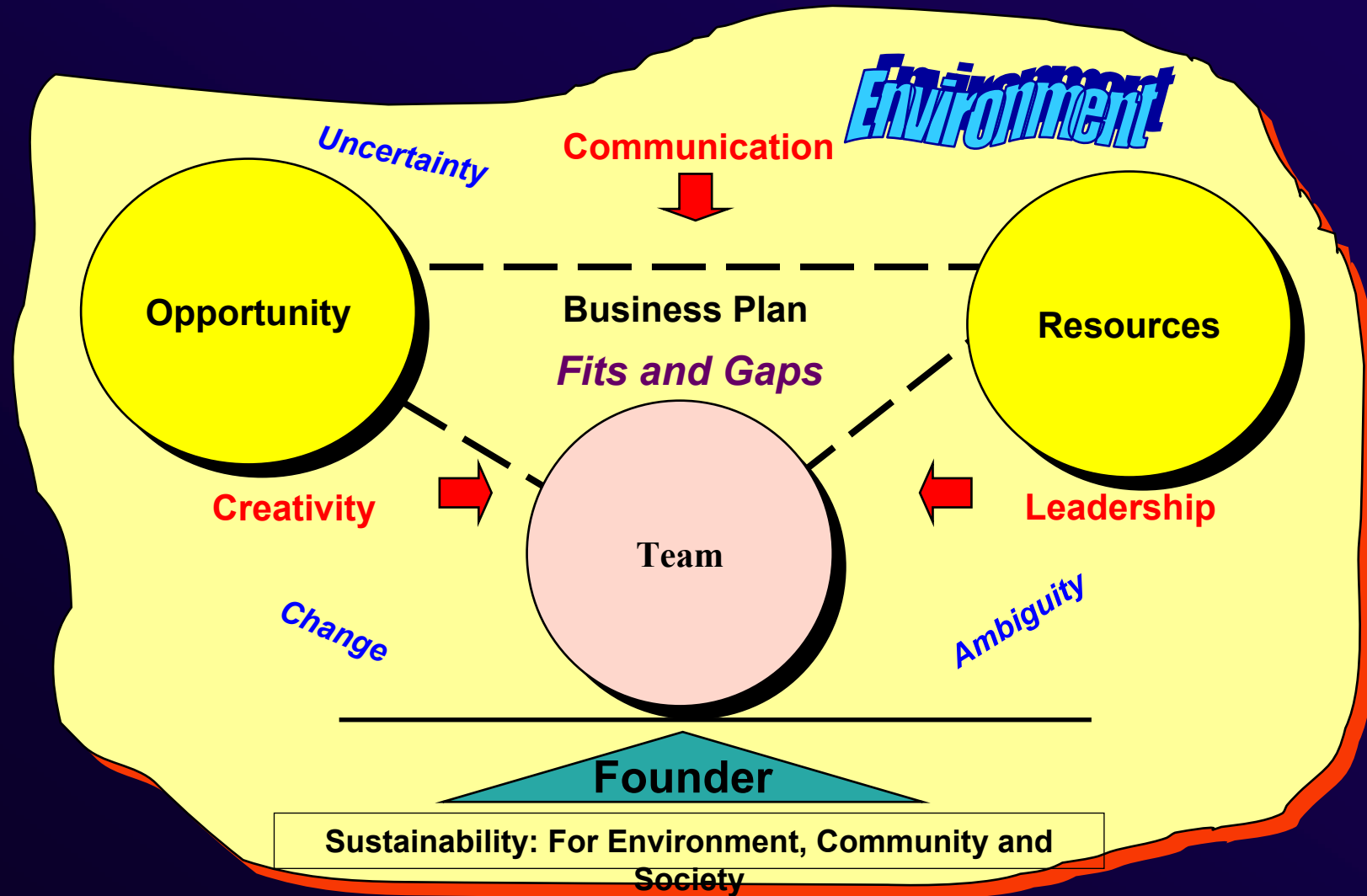
- ❑ Value added potential
- ❑ High potential valuation multiples
- ❑ Ability to harvest the business

Strategic Differentiation Issues

- Strategic alliances in place
- Distribution channels in place
- Sustainable competitive advantage
- Entry barriers
- Few substitutes
- Scalable operation

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Team Issues

- Need a cohesive and balanced team
- Psychologically balanced
- Embrace the Vision

How can we grow a business once we establish it?

	Existing Products/Services	New Products/Services
Existing Markets	<i>Market Penetration Strategies</i>	<i>New Product Development Strategies</i>
New Markets	<i>New Market Development Strategies</i>	<i>Diversification Strategies</i>

In Summary ...

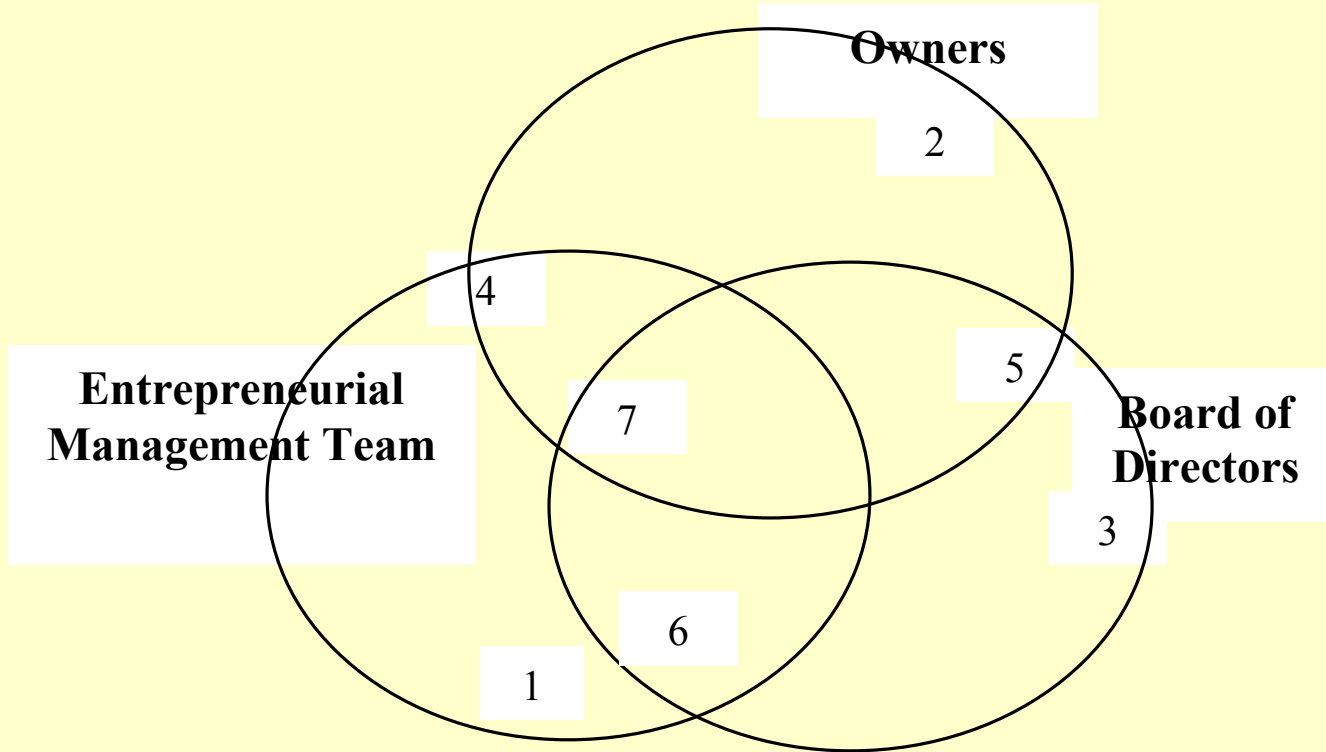
To improve the sustainability of any business

- ❑ Your business needs to be based upon an **exceptional opportunity**
- ❑ You need to have put together an **exceptional entrepreneurial team** that fits the opportunity
- ❑ You need to think beyond the initial stages as to **how you will grow the business**

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Questions?

Complexity of Indigenous Business



Non-Indigenous Business
(Neubauer & Lank 1998)

Complexity of Indigenous Business

**Non-Indigenous
Family Business**
(Neubauer & Lank 1998)

