The Opportunity Analysis Canvas is a new tool for identifying and analyzing entrepreneurial ideas. Structured as a nine-step experience, the canvas is segmented into:

(a) **thinking entrepreneurially** with an entrepreneurial mindset, entrepreneurial motivation, and entrepreneurial behavior;

(b) **seeing entrepreneurially** with industry conditions, industry status, macroeconomic change, and competition; and

(c) **acting entrepreneurially** with value innovation and opportunity identification.
What are entrepreneurial opportunities?

• Casson (1982) defines entrepreneurial opportunities as “those situations in which new goods, services, raw materials, and organizing methods can be introduced and sold at greater than their cost of production.”

• Drucker (1985) classifies entrepreneurial opportunities into three categories:
  – (1) the creation of new information, as occurs in the invention of new technologies;
  – (2) the exploitations of market inefficiencies that result from information asymmetry, as occurs across time and geography; and
  – (3) the reaction to shifts in the relative costs and benefits of alternative uses for resources, as occurs with political, regulatory, or demographic changes.
What are entrepreneurial opportunities?

• By all definitions, entrepreneurial opportunities differ from the larger set of general business opportunities.

• Entrepreneurial opportunities require the discovery of new relationships and interactions in the marketplace that are uncertain and dynamic (Baumol, 1993; Kirzner, 1997).

• Differences of opinion by individuals may highlight entrepreneurial opportunities, with some seeing opportunities while others view the same situation with doubt or disinterest (Hayek, 1945; Kirzner, 1973).
### Thinking Entrepreneurially

**Entrepreneurial Mindset**

1. **Need for Achievement**
   - Defined as a preference for challenge,
   - an acceptance of personal responsibility for outcomes, and
   - a personal drive for accomplishment.

2. **Individualism**
   - Willingness, and often a preference, to go against the norm
   - Results in entrepreneurs needing less support or approval from others
   - High individualism is associated with an emphasis on individual initiative and achievement

3. **Control**
   - Belief that a person can (internal) or cannot (external) control their own destiny and influence outcomes
   - What do you attribute outcomes to? – Yourself or others (markets, luck, etc.)
   - Internals are more alert and discover more opportunities than externals

---

1-7

1-8
## Thinking Entrepreneurially

**Entrepreneurial Mindset**

### 4. Focus
- Attention + commitment
- Entrepreneurs are able to focus attention on a single task
  - Ability to process information
  - Changing environmental conditions
- Leads select individuals to react and to become successful entrepreneurs

*To improve focus, develop smart goals*

### 5. Optimism
- Leads entrepreneurs to frequently make judgments on subjective positive factors
  - Tendency to overlook critical elements and discount uncertainties
  - Excessive optimism can lead to high levels of risk acceptance and loss
- Objectively evaluate the strengths and weaknesses of your solution, and examine potential problem areas
  - versus customers’ needs (now and in the future)
  - versus competitors (now and in the future)
- Gathering information from potential customers, experts, knowledge friends and family, etc.
  - Validate your beliefs and/or challenge your assumptions
Thinking Entrepreneurially
Entrepreneurial Motivation

1. Self-efficacy
   - Defined as your belief in your ability to accomplish a specific task
     • Intersects the entrepreneurial mindset and entrepreneurial motivation
     • Related to control and confidence
       • ...but tied to a specific task or activity
     • Top predictor of individual performance in a wide variety of tasks

Approaches to improving self-efficacy
   - Mastery (Experience incremental successes)
   - Role modeling (Observes successes of others that are similar)
   - Social persuasion (Verbal encouragement from trusted sources)
   - Psychological cues (Exhibit a positive mood and high energy)
Thinking Entrepreneurially
Entrepreneurial Motivation

2. **Cognitive motivation**
   - *Cognition = the process of thought*
   - Individuals **high in need for cognition (thinking) tend to seek, acquire, think, and reflect on relevant information**
   - Individuals **low in need for** cognition tend to rely on
     - experience, assumptions, and luck.

Thinking Entrepreneurially
Entrepreneurial Motivation

3. **Tolerance for ambiguity**
   - Defined as the tendency to perceive ambiguous situations as desirable rather than threatening
   - Necessary factor for entrepreneurs based on dynamic nature of markets and competition
   - Important to be able to make complex decisions quickly
   - with limited information
1. Confidence
   - Important for entrepreneurs to believe in themselves and their abilities
     • Balanced by the reality of the tasks at hand
   - May require going against the norm
     • Popular opinion
     • Advice of friends and family
   - Self doubt can result in doubts from your team, partners, investors, customers, etc.
Thinking Entrepreneurially
Entrepreneurial Behavior

2. **Interpersonal relationship skills**
   - Driven by your likeability and communication skills
   - Influences your ability to connect with individuals…
     - and to connect with their connections
   - May be a natural skill for you…
     - or require a level effort …
     - and/or personal study and development

Thinking Entrepreneurially
Entrepreneurial Behavior

3. **Social capital**
   - Refers to the resources available in and through personal and professional networks
     - Who you know, and who they know
   - Richness depends on the size, quality, and diversity of your networks

**Why build social capital?**
- People with rich social capital are: Better informed, More creative, More efficient, and Better problem solvers
- With the right networks, people:
  - Save time because they know where to get the information they need
  - Foster cooperation and collaboration
Thinking Entrepreneurially
Entrepreneurial Behavior

4. Risk tolerance
   – Addresses your willingness to accept risk
     • Which is different than a desire for risk
   – Entrepreneurs are no more likely to take risks than non-entrepreneurs
     • But entrepreneurs do perceive risk differently
     • Risk is in the eye of the beholder
   – Consider the risk-reward balance, and your potential to return to the status quo