



## Session 2 – Opportunity Recognition Transcript

“What would you do if you were given \$5 of seed funding and were challenged to make as much money as you could in just a few hours?”

“Well, if you are like most people this may seem like an impossible task – how can you make money if you have only \$5 to work with?”

“But, once you begin to think like an entrepreneur and recognize that opportunity is all around you, it will seem relatively easy.”

“In this video we are going to talk about the first step on the path to starting an entrepreneurial venture – opportunity recognition. We’ll also hear from a few entrepreneurs in their own words.”

“In order to recognize opportunity we need to know what we’re looking for, so let’s start by defining opportunity. An entrepreneurial opportunity exists when people or organizations have problems, points of pain or unmet needs that can be addressed by innovative or novel solutions.”

“For example, many adults are realizing that they need to continually acquire new knowledge and skills to find or keep their jobs, but many of their options for so doing are not very convenient or affordable.”

“This is a big problem, which means that is it also a big opportunity, and there are several entrepreneurs who are working to solve it in new, innovative ways.”

“Recognizing opportunity is not rocket science. Anyone can do it, if you just know what to look for and keep an open mind. Let’s talk about six different ways to recognize opportunity.”

“First, try observing and listening to the people around you. What do they complain about? What do they hate doing or struggle with? These are points of pain or problems that could be entrepreneurial opportunities.”

“Second, what are you particularly good at or passionate about? Is there any way that you could use your talents and passions to solve someone’s problems or provide them with a benefit that they would pay for? Robert Stephens was good at fixing people’s computers and other gadgets and found that people would pay him to do it. So, at age 24 he founded the Geek Squad with just \$200. Fast forward 20 years and today his company is a subsidiary of Best Buy with 20,000 trained professionals solving all kinds of tech problems.”

“Third, what resources do you have available to you? Do you have time, money, tools, art supplies, connections, friends and family, community centers, a car, a bike, a computer, a

phone? Make a list of your resources and think about how you could use them to develop something that other people might want. Entrepreneurs are like great chefs – they know how to take whatever resources or ingredients they have and make something great.

“Fourth, read about the changes happening in the world around you – especially technological changes - because change creates opportunities. For example, changes in technology ranging from 3D printing to nanoscale fabrication to machine learning are creating incredible opportunities to develop new products that will solve big problems and make existing solutions better.”

“Fifth, explore open innovation websites like innocentive and those listed on this slide. Many companies and organizations post problems and offer rewards for novel solutions. If you find a problem you like on one of these sites, then you can decide whether to submit your solution to the company or pursue it as an entrepreneurial venture.”

“Sixth, seek out direct experience doing something that interests you. Many successful entrepreneurs start by working for companies and then leave when their experiences reveal an unmet need or problem that they can best solve by launching a new venture.”

“If you choose to make a habit of observing and listening to others, considering your talents and passions, utilizing your pool of available resources, reading about new technologies, exploring open innovation websites, and gaining direct experience, then you will begin to recognize that opportunity is all around you.”

“One great way to keep track of these opportunities for further consideration is to keep an opportunity notebook. It can contain any notes, observations, pictures, ideas or anything that might be useful if you decide to pursue the opportunity.”

“Now that we have discussed opportunity recognition, let’s hear from some entrepreneurs in their own words.”

[quotes from Entrepreneurs]

“Before we wrap up this session, let’s revisit the question of what you would do if you had just \$5 in seed capital and just a couple hours to use it to make money. This is an assignment that was developed at Stanford University and has been utilized in Horn Program courses.”

“What we find is that when students choose to focus on the \$5, they tend to come up with ideas like buying a lottery ticket or going to a casino – ideas that do not really involve recognizing opportunity because they do not address a problem or point of pain.”

“In contrast, students who make the most money actually ignore the \$5 and focused instead on finding problems that they can solve without spending any money.”

“For example, one team noticed the long wait times for restaurants near the University on Saturdays, so they made reservations at the most popular ones, and then sold their spots in line. One of my favorites was a student who recognized that he had three resources – a younger brother who owed him a big favor, a snow shovel, and neighborhood connections, so he

arranged to have his brother do some shoveling and kept the money for himself. Other groups have used their cars to give rides, used their connections to get free samples that could be bundled and sold, and sold their reservations for library study rooms to others during period of peak demand.”

“Ultimately, every student who I’ve given this challenge to has been able to find opportunities to make \$20, \$50 or \$100+ dollars by investing just a few hours of their time and little or no seed capital. If you try the challenge for yourself, I’m certain you can do the same. The only question is whether you are going to choose to develop the opportunity recognition habits discussed previously, invest a full measure of your time, take action and see what happens. The possibilities are limitless, so I hope you do.”

“I’d like to close our discussion of opportunity recognition with a quote from Vinod Khosla, co-founder of Sun Microsystems - “Every big problem is a big opportunity. If you don’t have a big problem, you don’t have a big opportunity. Nobody will pay you to solve a non-problem.”