

Opportunities and success in the current climate for SMEs

A discussion about the process of starting up a business based on my research which took place during the GFC

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Introduction

The focus is on:

- Audience of those who are considering starting a new venture,
- SMEs who are already busy creating and operating a venture
- And those who are still developing a new venture
- This is also relevant for the advisors, policy analysts, academics and or those just generally interested to hear what's happening.

1. Opportunity identification
2. Opportunity recognition- why now is the right time to start
3. Factors for success NVP in the current environment;
4. Individuals, networks, skills and knowledge;
5. Processes- sales and the dynamic market conditions
6. Environment- dynamic market turbulent market

New venture Creation

New-venture creation is the process of having an innovative idea, setting up an organization, and carrying out start-up activities (Tuazon et al., 2018).

New venture creation and by association entrepreneurship, is the long-term process involving initial identification of an opportunity, establishment of an organisation, and start-up development during the early period (Reynolds, 2008).

Opportunity recognition

Entrepreneurial **opportunity recognition** is the ability to identify 'situations in which new goods, services, raw materials, markets and organizing methods can be introduced through the formation of new means, ends, or means–ends relationships' (Eckhardt and Shane, 2003: 336).

Opportunity identification is a competency that can be developed as are other unique competencies that the entrepreneurship classroom is an appropriate venue for developing the skills necessary to improve the ability to identify **opportunities**.

Individual- Opportunity nexus

- Shane and Venkataraman (2000) argued that “**opportunities**” are key to the entrepreneurial process and presented the concept of the individual-opportunity nexus. This idea is that micro-level explanations of **entrepreneurial action** and outcomes should look beyond the individuals involved. There are more than just the individuals input when creating the ‘opportunity’.
- Attention should be given to qualities of the “opportunities” they pursue, and the fit between individual and “opportunity” (cf. Shane & Venkataraman, 2001; Venkataraman, 1997).

Impact on Theory

Entrepreneurship research is to develop and test theory about how characteristics of “opportunities”, directly and in interaction with actor characteristics, give shape to entrepreneurial processes (Davidsson, 2015). There are **inconsistencies** about the use of ‘opportunity’. This results in large part because of the dual nature of “opportunity” as consisting of both contents and (assumed, perceived, or proven) favourability (Davidsson, 2015).

Proposed evolution of Construct ‘Opportunity’

Firstly, change from opportunity to **‘External Enablers’** for the aggregate-level circumstances—e.g. regulatory changes, technological breakthroughs, and demographic shifts—which may trigger and affect outcomes of a range of new venture creation.

Secondly, change to accompany the actor under the nexus view: **‘New Venture Ideas’**.

Finally, **‘Opportunity Confidence’** strictly to give subjective evaluation of attractiveness—or lack thereof—of a stimulus (External Enabler or New Venture Idea) as the basis for entrepreneurial activity.

Opportunity confidence

- Similarly, the GEM data show that the GFC was associated with a downturn in perceptions of opportunity and an increase in the proportion of necessity-based start-ups (Kelley et al., [2011](#)).
- Further, reductions in sales growth were more pronounced in ventures with founders having high human capital (Cowling et al., [2014](#)).

Things to consider and the case for New venture performance

- Factors for success
 - Focus on positives
 - Less competition
 - More opportunities
 - Funding is available
 - Support is available
 - Courses and infrastructure
 - Think creatively-
 - Entrepreneurial intention positive

Individuals

- UK- Human capital is important
 - Knowing what you are doing is important as it affects sales, the process of creation and the overall performance.
 - In turbulent times knowledge about the market is important
 - Abilities to create the new venture is important
 - Skills in knowing what to do and knowing where to go is important to survive

Processes

- Planning
- Finding funding sources
- Purchasing material
- Manouvering the customer base
- Hiring staff
- Providing the product/service

Environment

- Competition is low
- Dynamic market forces so be flexible
- Provide a better quality service
- Think about the customers and focus on the quality of sales.
- Create reasons upsell and cross sell for customers and for them to come back.
- Be efficient with resources both staff and capital