Hello, I'm Nigel Lockett. And today, we're focusing on vision and opportunities. And I'm going to introduce you to opportunity business models as a way of sharing your ideas. I'm going to use the Cambridge Satchel Company founded by Julie Deane in 2008 as an example of how you can share your business idea.

Discovering or creating opportunities is a central notion of entrepreneurship. There is much debate about whether entrepreneurs discover opportunities, like a gap in the market, or create them, using their expertise or knowledge gained over time.

In reality, the boundary between discovery, known as causation, and creation, known as effectuation, can be blurred.

Julie discovered the gap for high quality satchels after reading Harry Potter to her children, and not being able to find a satchel just like Harry's. But she also created, with Vivienne Westwood, a famous British designer, a market for high quality designer satchels.

Regardless of how opportunities come about, it's important to share your vision with other people. One of the ways to do this is using the opportunity business model. So let's start by considering the dimensions of opportunity business models. Dimensions are a simple way of expressing the elements and components of a business idea. This helps us to do analysis, support comparison, and identify the uniqueness of a business idea.

Proposition. What is the core value proposition as perceived by your customers of the business opportunity? Can you express this in just seven words?

People. Who are the leaders, the management team, and network of advisers, customers, suppliers, and other stakeholders?

How does social capital, social networking support this business opportunity?

Place. Where is the market? Who are the customers and competitors? Analyse the marketing industry to identify the segments and gaps in the marketplace.

Process. How is the enterprise structured? What are the key processes and relationships that make this business work? How will these been enabled and supported over time?

Profit. Why do it? What are the real returns of this opportunity? Are they financial? You might want to consider the gross profit, net profit, and financial forecast. What are the key performance indicators, or KPIs, and what capital is required? Is there any social value in
this opportunity? How will ownership be structured, and have you thought about an exit?

Let's now consider the satchel company as a case study. We all know that Julie's company is all about manufacturing very high quality designer leather satchels in the UK. But can we express that as a proposition in just seven words? Produce high quality designer British leather satchels. Can you do better than this?

People. Julie and Freda, her mother. A growing management team. No doubt, lots of advisors. And a growing network of designers.

Place. Three shops in the UK, two in London. Paperchase as national stockists and international stockists. But perhaps more interesting, a growing online business, including massive growth in markets like China.

Process. The satchel company has to be good at designing and manufacturing leather satchels, and marketing, and protecting its brand.

Profit. The company started in 2008 with just 600 pounds. Interestingly, it raised 12 million pounds by selling equity to a leading venture capital company in Europe.

So we can see how easy it is to describe a business opportunity, and to see what is distinctive and discuss it with other people. But how do we know when an idea is really a business opportunity? We now need focus on what's really driving the opportunity. The drivers are the underlying forces that impact on a business opportunity. Typically, one or more of these will impact at any one time. But all of them are beyond the control of the entrepreneur or business.

Societal drivers. The wider global, social, political, and environmental factors which impact on an opportunity, such as climate change and ageing populations.

Commercial drivers. The global and local commercial and economic factors, such as local taxation, and the price of oil.

Legal drivers. Legislation, rules and regulatory requirements, typically set by governments or consortiums, such as data protection laws or trade association membership rules.

Technological drivers. The new and emerging technologies such as 4G mobile communications networks, and nano-technologies.

Let us consider the satchel company again. What are the factors outside of Julie's control which are driving the extraordinary growth of this company?

Let's consider a societal driver. The world is changing. China will soon be the largest economy in the world. And with that has emerged a growing middle class who want to demonstrate their wealth by buying consumer goods. One way to demonstrate this new wealth is by buying designer consumer goods.

Julie knows this. She says customers from China come when they visit London. They know
the brand and they seek out the stores.

Secondly, let's think about a commercial driver. Britain really is cool. The Olympic Games in 2012. The opening ceremony with the Queen and James Bond, even Mr. Bean. All of these are contributing to a perceived value of British products.

But what are these brand values? Quality, trustworthiness, heritage, fashionable, and even fun.

It's important to remember that Julie has done very little to create cool Britannia. And certainly nothing to create China as the emerging economic powerhouse in the world. But her company has benefited from these drivers.

And finally, let's not forget the role that the entrepreneur, or the entrepreneurial team, play in opportunity recognition. Above all, they develop the ability to spot opportunities. Whether that is discovering gaps in a market, or creating new ones. And in the case of Julie Deane, both. Julie has developed a clear vision, and shared it with others. Let's not forget that she raised 12 million pounds in order to double her production and expand into a huge export market.

Can you think of a successful entrepreneur and their company? Did they discover or create their opportunity?

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