

ENTR 407: Opportunity Recognition

Summer 2013

GENERAL INFORMATION

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COURSE DESCRIPTION

Examination of how entrepreneurs identify potential opportunities for new ventures

COURSE PURPOSE AND OBJECTIVES

The entrepreneurship process occurs when individuals (or teams) identify opportunities, evaluate whether these opportunities are viable, and then assemble the resources needed to build a new venture. This course provides an intensive overview of the first step in this process.

The primary goal of this course is to help students generate potential ideas for a business. Through a combination of readings, videos, brainstorming sessions, presentations, and on-line discussions, we will learn how to search for and identify entrepreneurial opportunities.

The learning objectives of this course include:

1. Generating several ideas for potential businesses based on important trends and each student's interests
2. Sharpening each student's communication and networking skills
3. Developing each student's entrepreneurial mindset

Because course is taught entirely on-line (there are no class meetings), some things will differ from a "traditional" course that students may be used to taking.¹ For example,

1. The professor's role shifts from lecturing to coaching/mentoring/guiding. Students are responsible for contributing ideas and being active in the learning process.
2. All class meetings will be asynchronous (except for on-line office hours). Rather than having real-time conversations, we will have on-going dialogues in forum posts.
3. Student learning is active and occurs by researching important trends as well as reflecting and commenting on forum discussions rather than passively listening to lectures
4. Participation is ABSOLUTELY required.

¹ Source: Boettcher, J., & Conrad, R. 2010. The online teaching survival guide. San Francisco: Jossey-Bass.

REQUIRED READINGS AND OTHER COURSE MATERIALS

All readings, videos, and course materials will be distributed on-line through Moodle, <http://moodle.samford.edu>.

GRADING SCALE

(A = 100-93; A- = 92-90; B+ = 89-87; B = 86-83; B- = 82-80; C+ = 79-77...)

Personal Introduction Posting (June 4 th)*	2.5%
Personal Experiences Worksheet (June 6 th)*	5.0%
Personal Networks Assignment (June 17 th)*	5.0%
Crowdfunding Project (June 28 th)*	10.0%
On-line Presentation (posted by July 3 rd)	12.5%
Key Trends Assignment (July 5 th)	20.0%
Participation in on-line discussions	30.0%
Quizzes (2)*	15.0%

*These are individual assignments.

PERSONAL INTRODUCTION POSTING

To help everyone to get to know each other, students should post a personal introduction on Moodle. Each student should provide a little background information (nothing too personal) as well as work experience, hobbies, and interests. Students should feel free to ask questions or post comments about other students' introductions. An example of this and all other assignments are provided on the course Moodle website.

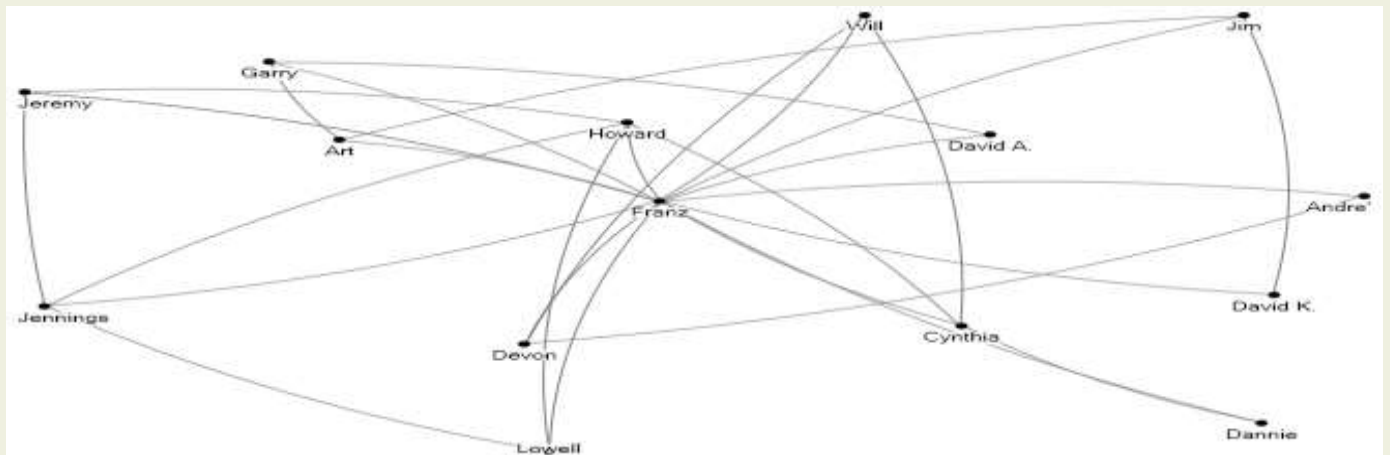
PERSONAL EXPERIENCES WORKSHEET

Entrepreneurs often identify opportunities based on their life and work experiences. To help stimulate opportunity identification, students will individually complete personal experience worksheet. This worksheet involves writing several short paragraphs describing 8-10 major experiences and discussing any important insights or skills that students gained from these experiences.

PERSONAL NETWORKS ASSIGNMENT

Entrepreneurs also often identify opportunities based on their personal and business networks. To help students visualize and analyze their networks, each will plot out his/her individual personal (e.g., social network, church, and university) and professional (e.g., work) network. A simple version of this type of plot is included below. Students will turn in a plot like the one below and discuss such issues as which links are strong or weak ties as well as who serves in various roles (e.g., as gatekeeper) on different parts of the network.

Full directions and definitions of concepts will be provided on Moodle. Free plotting software is available on line (e.g. <http://nodexl.codeplex.com/releases/view/104762>) to help draw the "spider web" diagram of the network. Hand-drawn diagrams will not be accepted.



CROWDFUNDING PROJECT

For the Crowdfunding project, students should invest \$25 in one or more projects on a crowdfunding site like Kickstarter (www.kickstarter.com) or Indiegogo (www.indiegogo.com) during June. The basic idea for this project is to invest in a project or projects that take advantage of important trends that students have spotted. Thus, students should not just invest in a project to “get the t-shirt”...they will need to justify in a three- to four-page description of the project and key trends why they chose specific projects. A check for \$25 will be mailed to each student before class ends, so this is a costless investment for the student. (Note: If a student drops the class after receiving and cashing the \$25 check, s/he will need to pay back the money. A grade of “I” will be posted until the money is refunded).

KEY TRENDS ASSIGNMENT

The major project for the semester will involve students analyzing what they consider key trends in the environment. In 10-12 pages, students should discuss what changes and trends in society they believe are creating important entrepreneurial opportunities in industries that personally interest them. Projects can also profile some of the innovators and/or early adopters seeking to introduce/buy new products/services in that industry; current and expected gaps in competitive offerings, and potential opportunities and risks involved with launching a new product/service in this industry.

The project should also describe businesses that could take advantage of these trends. Examples of issues that students should discuss include “what problem will these businesses solve?”, “who will the key customers be?” and “how will these businesses make money?”

Projects should be prepared in 12 point type with one-inch margins and use a standardized formatting (e.g., APA, MLA) citation style. A project will need a minimum of ten sources (see Required Sources for the Key Trends Project below), and students can complete this project in a group of up to three students.

ON-LINE PRESENTATION

Students will upload a presentation to Moodle to inform other students about the trends that they have been tracking and analyzing during the summer. The presentations can be done as a video and posted to a video sharing site (e.g., Youtube) with the link provided on Moodle, or students can post a narrated Powerpoint or Prezi presentation. Presentations should be professional and last from 12-15 minutes.

PARTICIPATION

Because this is an on-line class, much of the learning that takes place occurs during conversations. Thus, students must participate fully and make meaningful comments to the discussion to maximize their learning in this class.

Participation will take two primary forms. First, students are required to respond a question posted by the professor each week. One question will be posted each Monday (beginning June 3rd), and students will need to post a response by Wednesday. By Friday each week, students should also comment on at least one other student’s posting.

Second, students are expected to contribute postings to the class Moodle site in forums like “Key Technology Trends.” A posting should be at least two paragraphs, include one or more sources for other students to read, and highlight key questions/issues related to the trend. Examples of postings are provided in the Moodle forum.

Students begin the semester with a participation grade of 50. Each posting a student submits (including the required weekly responses to questions) will be worth up to two points. Each response to another student’s posting will be worth up to one point. Thus, to earn a 100 for participation, a student will have to average two postings and three responses per week, beyond the required responses to weekly questions.

Students can post about a wide range of technological, demographic, attitudinal, and other trends, and comments can be tangential because this can promote creativity. In contrast, postings/comments that are obviously not business related will receive no credit. Creative, well-supported comments will be rewarded; simply repeating facts or posting unsupported, random, and/or one-sentence comments will not.

POLICY REGARDING DISABILITY ACCOMMODATIONS

Samford University complies with Section 504 of the Rehabilitation Act and the Americans with Disabilities Act. Students with disabilities who seek accommodations must make their request by contacting Disability Support Services located in Counseling Services on the lower level of Pittman Hall, or call 726-4078/726-2105. A faculty member will grant reasonable accommodations only upon written notification from Disability Support Services.

POLICY ON ACADEMIC CONDUCT

All acts of dishonesty in any work constitute academic misconduct. The Samford Code of Values will be in effect throughout all aspects of this course. Values Code violations will be dealt with fairly, but decisively.

PROFESSOR BIO

Dr. Franz T. Lohrke is the Brock Family Endowed Chair of Entrepreneurship and Chair of the Entrepreneurship, Management, & Marketing Department in the Brock School of Business. In these roles, he helped design and implement an undergraduate concentration in Social/Not-for-Profit Entrepreneurship in 2007 and a major in Entrepreneurship in 2008, both of which have been nationally and internationally recognized. For example, in 2010, the Brock School's entrepreneurship program was selected as the best new program in the U.S. by the U.S. Association of Small Business and Entrepreneurship (USASBE), the largest independent, professional, academic organization in the world focused on advancing entrepreneurship. Professor Lohrke also designed and led the implementation of MBA concentrations in Entrepreneurship and International Business in 2011.

Dr. Lohrke's research and teaching interests include entrepreneurship, international business, and strategic management, and he has taught undergraduate and graduate courses in these subjects for 20 years. Prior to his academic career, he worked primarily in the hospitality industry including banquet services and restaurant management at Walt Disney's EPCOT theme park.

Before joining the faculty at Samford University in 2006, he served as a faculty member at other universities including the University of Southern Mississippi, and, most recently, the University of Alabama. Dr. Lohrke has presented papers at several leading national and international conferences including the Babson College Entrepreneurship Research, the U.S. Association of Small Business and Entrepreneurship, and the Academy of Management conferences. He has also published articles in several top academic journals including *Entrepreneurship Theory & Practice*, *International Small Business Journal*, *Journal of Business Research*, *Journal of International Management*, and *Organizational Research Methods*, and he serves on several journal review boards.

Dr. Lohrke earned his Ph.D. in Business Administration (Major: Strategic Management, Minor: International Business) from Louisiana State University, Masters in Business Administration from the University of Iowa, and Bachelor of Arts in Business Administration from Flagler College in St. Augustine, FL.



REQUIRED SOURCES FOR THE KEY TRENDS PROJECT

The Key Trends Project should include at least ten business press (e.g., *Wall Street Journal*, *Business Week*, or *Fortune*), trade publication (e.g., *Progressive Grocer*), or scientific/technical publication (e.g., *Popular Science*) articles about important trends. Students can also earn extra credit by generating their own primary data (e.g., through surveys of potential customers) about important trends.

Conversely, there are sources that should NOT be used for the project. Using these will result in at least a letter grade deduction from the paper. In addition, any information taken any of the following sources will be deleted from the paper, which will impact length, and these sources will not count toward the required sources:

- Wikipedia, Encarta, or any other virtual or hard-copy (e.g., *World Book*) general encyclopedia
- Websites with questionable information (e.g., www.walmartsucks.org)
- Any information about important trends contained in any textbook
- Any analysis done by any student in the current or previous semesters either at Samford University or any other college/university

CITATION GUIDELINES

Students should provide any sources of information used in writing the project in a bibliography at the end of the plan. The bibliography can be written using the following form or any other standard form (e.g., MLA, APA). Sources should be listed in alphabetical order. **Any paper section without at least one source will receive a zero (unless the ENTIRE section is based on a student's personal knowledge).**

Books:

Scarborough, N., & Zimmerer, T. 2000. Effective small business management: An entrepreneurial approach (6th edition). Upper Saddle Creek, NJ: Prentice Hall.

Magazine or newspaper articles:

Wells, L. T., Jr. 1983. Guess who's creating the world's newest multinationals. Wall Street Journal. December 12: 26.

Internet sources:

McDonald's opens first Indian restaurant. 1996. USA Today. October 13. <http://167.8.29.13/news/world/nws0.htm>.

Projects should also include citations within the paper to identify sources of specific information. As a general rule, if a sentence includes a fact or idea that would not be known by people in general, the source (book or magazine) where the fact was found should be cited following the sentence.

Students must take care to give appropriate credit to sources used in the writing the project because failure to give proper credit constitutes plagiarism. Examples of proper and improper citation procedures are listed below.

Original Source

"When conducting international business, companies must choose among different organizational forms. In making their choices, they should consider their own objectives and resources as well as the environments in which they operate" (Daniels & Radebaugh, 1992: 10).

Plagiarism Penalty: Failing grade for assignment and course as well as other possible University disciplinary actions.

When conducting international business, companies must choose among different organizational forms. In making their choices, they should consider their own objectives and resources as well as the environments in which they operate. *No citation*

When managing international business, companies need to select among distinct organizational forms. In making these selections, companies should appraise their own goals and assets as well as the conditions in which they function. *No citation*

Copying Penalty: Up to a two-letter grade deduction for the assignment

When conducting international business, companies must choose among different organizational forms. In making their choices, they should consider their own objectives and resources as well as the environments in which they operate (Daniels & Radebaugh, 1992). *Exact or nearly exact words without quotes*


Not plagiarism

"When conducting international business, companies must choose among different organizational forms. In making their choices, they should consider their own objectives and resources as well as the environments in which they operate" (Daniels & Radebaugh, 1992: 10). *Quoted with a citation*

When companies operate internationally, they must select from various organizational forms. Each company's choice should depend on two factors: (1) a company's objectives and resources and (2) the environment in which it operates (Daniels & Radebaugh, 1992). *In student's own words with a citation*

**ENTR 407 Schedule of Class Activities
Summer 2013
(Subject to Change as Circumstances Warrant)**

Week		Readings	Assignments
June	3	<p>Some initial thoughts about opportunities</p> <ul style="list-style-type: none"> • 20 Tech Trends That Will Define 2013 • Six cool tech gadgets based on important current trends • Crowdfunding Industry on Fire <p>Baron, R. 2010. Opportunity recognition as pattern recognition. <u>Academy of Management Perspectives</u></p>	<p>Form groups (if desired)</p> <p>Personal introduction assignment due June 4th at 11:55 pm</p>
June	10	<p>Opportunity sources</p> <p>Drucker, P. 1998. The discipline of innovation. <u>Harvard Business Review</u></p> <p>Downes, L. & Nunes, P. 2013. Big bang disruptions. <u>Harvard Business Review</u></p> <p>Boudreau, K., & Lakhani, K. 2013. Using the crowd as an innovation partner. <u>Harvard Business Review</u></p> <ul style="list-style-type: none"> • The mind behind Tesla, SpaceX and SolarCity <p>Barringer & Ireland. Sources of entrepreneurial opportunities Powerpoints are available at: http://wps.prenhall.com/bp_barringer_entrep_4/211/54186/13871819.cw/index.html</p>	<p>Quiz #1</p>
June	17	<p>Cognitive aspects of opportunity recognition</p> <p>Baron & Shane. 2012. Cognitive aspects of opportunity recognition. Available for \$12 at: http://www.cengage.com/search/productOverview.do?Ntt=baron 19674321371588287641104668192230828849&N=16&Ntk=APG P_EPI</p> <p>Fleming, L., & Marx, M. 2006. Managing creativity in small worlds. <u>California Management Review</u></p> <ul style="list-style-type: none"> • Crash course in creativity 	<p>Personal network assignment due June 17th at 11:55 pm</p>

June	24	<p>Opportunity recognition in established firms</p> <p>Dess, G., & Lumpkin, G. 2005. The role of entrepreneurial orientation in stimulating effective corporate entrepreneurship. <u>Academy of Management Executive</u>.</p> <p>Wessel, M. & Christensen, C. 2012. Surviving disruption. <u>Harvard Business Review</u>.</p> <p> Deep inside Facebook</p>	<p>Crowdfunding assignment due June 28th at 11:55 pm</p> <p>Quiz #2</p>
July	1	<p>Important trends</p> <p>These are examples. Students are expected to contribute to the Weekly Discussions about these and other trends throughout the semester as well as explore trends that interest them in their Key Trends assignment.</p> <ul style="list-style-type: none"> • 3D Printing http://geekbeat.tv/everything-you-always-wanted-to-know-about-3d-printing/ • Wearable computing http://online.wsj.com/article/SB10001424127887324682204578515593803425654.html?mod=WSJ_article_comments#articleTabs%3Darticle http://news.cnet.com/8301-11386_3-57582475-76/google-nike-jawbone-and-the-fight-to-win-wearable-computing/ • Faces as interfaces http://www.marketwatch.com/story/wearable-tech-next-battleground-for-apple-google-2013-06-25?mod=WSJ_hpp_MIDDLE_Video_Third • Food to fuel http://www.latimes.com/business/la-fi-ralphs-energy-20130516,0,7330815.story • Nanotechnology Roco, M. 2013. Rise of the nano machines. <u>Scientific American</u> <p>Davidson, W. & Kline, S. 1999. Ace your presentations. <u>Journal of Accountancy</u>.</p> <p>Anderson, C. 2013. How to give a killer presentation. . <u>Harvard Business Review</u>.</p>	<p>Key trends presentation due July 5th at 11:55 pm</p> <p>Key trends assignment due July 5th at 11:55 pm</p>

**All articles are available on the course Moodle site
The last day to drop/add without financial penalty is June 26th.**



Birmingham entrepreneurs are dreaming to sprout their own business during one of the worst economies

By Michael Tomberlin -- The Birmingham News

February 14, 2010, 5:30AM



Charlie and Cindy Thigpen started The Gardener's Gallery after they took buyouts from Southern Progress. (The Birmingham News / Linda Stelter)

Charlie Thigpen's life has been spent bringing things to life and watching them grow. That's why it came as a shock when the job he cultivated for 29 years was pruned away.

Thigpen was the gardens editor at Southern Living magazine and the man responsible for the award-winning landscaping at Southern Progress Corp.'s

campus in Homewood. Then the jobs started to wither at Southern Progress.

Thigpen, 48, took a buyout. So did his wife, Cindy, who had spent 20 years at Southern Living.

Then Thigpen did what he has always done -- he brought something new to life: Gardener's Gallery, a business idea he had never had time to act on.

The Thigpens are not alone. In 2009, a dark year in worst economic downturn since the Great Depression, the number of business licenses granted in the city of Birmingham increased 2.5 percent from the previous year.

Parts of the city saw much sharper spikes, figures show. In downtown and Birmingham's Southside, the number of business licenses rose by 29.3 percent and 22.7 percent, respectively. Some areas saw steep declines.

All together, the city of Birmingham issued 1,110 business licenses last year, officials said. Another 641 business licenses were issued to addresses outside the city limits, a figure not tracked in 2008.

After the buyout, the Thigpens didn't consider searching for another job at a big company.

"We had been in the corporate world for a long time and we decided we wanted to control our destiny," Thigpen said. "I think a lot of people are like that now."

There are signs that what has dubbed "The Great Recession" has begun to spur entrepreneurship across the state and nation:

Start-up activity among jobless managers and executives in the U.S. reached a four-year high in 2009, according to Chicago-based consulting firm Challenger, Gray & Christmas Inc. Last year, the percentage of unemployed workers starting their own business rose to an average of 8.6 percent, the firm said.

New business development is considered critical to a sustainable recovery, according to Challenger.

Many new businesses are not being captured in the business license figures. Those who start consulting or service-oriented businesses are not required to get a license under state law, meaning many of the businesses being started are not being counted, officials said.

While Birmingham saw an increase last year, Jefferson County issued 9 percent fewer business licenses than in 2008, while Shelby County officials said the number of business licenses issued there was flat. Hoover doesn't have totals yet.

The U.S. Small Business Administration says its lending to small businesses in Alabama spiked 59 percent in the fourth quarter of 2009. The dollar value of those loans doubled in the period, the agency said.

"It's like seeing green shoots in an area ravaged by a wildfire," said Tom Todt, director of the SBA's Alabama District.

The Thigpens, who know all about green shoots, got an SBA loan to start the Gardener's Gallery at 2805 Second Ave. South in the Pepper Place complex, and they also poured in their life's savings.

"It's all on the line. We've got everything invested," said Mrs. Thigpen, 50. "It's scary. I wake up at 3 a.m. lots of times and talk myself out of panicking. But if you don't jump, you're never going to fly."

The flight can often start with a shove instead of a jump, according to Franz Lohrke, entrepreneurship professor at Samford University's Brock School of Business.

"The difference between entrepreneurs and non-entrepreneurs is the entrepreneurs are the ones who make the leap," he said. "Sometimes it's not so much that you're making the leap as you are pushed."

Lohrke said that push -- known in academic terms as negative displacement -- can come in bad economies or good, such as when Birmingham bank merger layoffs spurred many to start banks and financial services firms.

He said there some people have started a business on the side out of fear of losing their primary job, a sort of professional diversification to hedge their bets.

Working longer hours

Thigpen has learned that starting a plant in a pot is much easier than seeing your business dream transferred to a piece of paper. He and his wife had to put together a business plan, secure financing and find a location. That's before settling on inventory and then buying, receiving, displaying and pricing products.

"I know plants very well, but the retail is a different story," he said. "I feel like I need to prove myself again now."

While they share a nagging worry that they will be like so many small businesses that fail, the early results have been encouraging. They also have found unexpected satisfactions from leaving the insulated corporate world.

"We work longer hours and harder hours. But it's not a burden," Mrs. Thigpen said. "We know we have

to do it and we really want to do it."

"We are learning something every single day," Thigpen added.

"My friends and my family have supported me so much, they make me feel like I've got to succeed," he said. "They have so much confidence in me I feel like this has got to work."

LOOK BEFORE YOU LEAP

Samford University entrepreneur professor Franz Lohrke said these are the seven things to consider before hanging your shingle:

1. **Focus on providing value.** "Remember, benefit is what the customer perceives, not what the business owner thinks it is."
2. **Learn about your industry before opening.** "Determine who your direct and indirect competitors are and why they are or are not successful."
3. **Understand your business model.** "Know exactly how you will generate sales and which expenses are most critical in your business."
4. **Manage cash constantly.** "Know when it is coming in and going out. Even profitable, growing businesses can go bankrupt because they can't pay their bills on time."
5. **Minimize fixed costs.** "Higher fixed costs like rent and equipment mean more sales are needed just to break even."
6. **Use low cost, "guerrilla" marketing tactics.** "Using social media or hosting an event to inform customers about your new business."
7. **Try to find partners.** "Others can help access resources that you can't afford."

Join the conversation by commenting below or e-mail Tomberlin at mtomberlin@bhamnews.com.

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