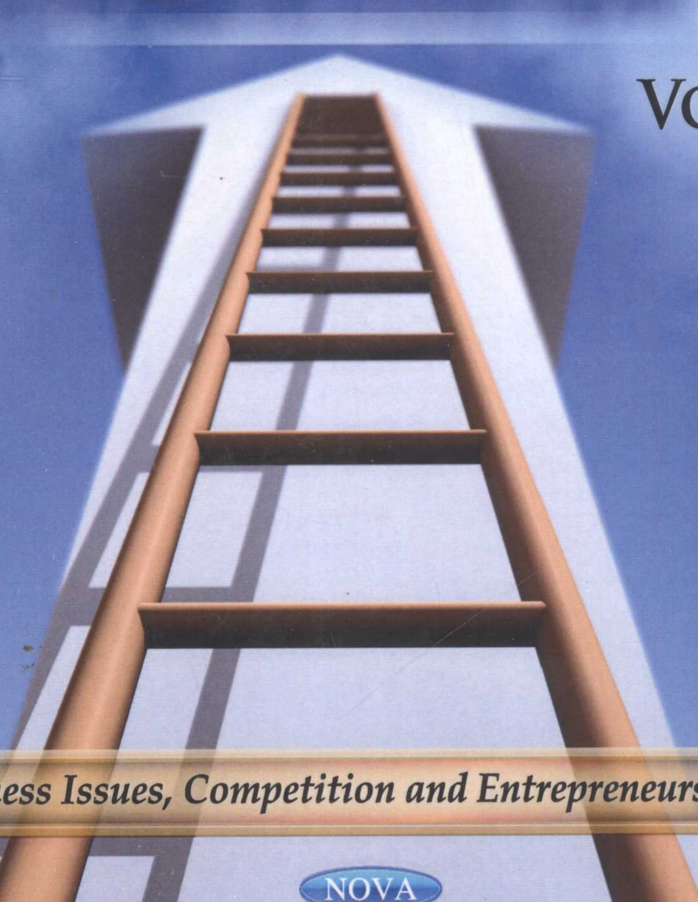
# OPPORTUNITY, STRATEGY AND ENTREPRENEURSHIP

## A META-THEORY

*The Nature of Opportunity • Time and Space*
*The Vision Platform • Making Connections*

MURRAY HUNTER

VOLUME 1



*Business Issues, Competition and Entrepreneurship*

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BUSINESS ISSUES, COMPETITION AND ENTREPRENEURSHIP

# OPPORTUNITY, STRATEGY AND ENTREPRENEURSHIP: A META-THEORY

## VOLUME 1: THE NATURE OF OPPORTUNITY, TIME AND SPACE, THE VISION PLATFORM, AND MAKING CONNECTIONS

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# PREFACE

I am shocked by the number of businesses that fail because of not taking account of the facets of opportunity. So many firms have a strategy, but it is not aligned to any identified opportunity. Most strategies are developed *'on the run'* changing as time goes on according to what works and what doesn't work. Entrepreneurs follow the advice *out in the marketplace*, however very little of it concerns anything about understanding and pursuing the elements of opportunity.

Opportunity is the centre of entrepreneurship and explaining the discovery and construction of opportunities and their subsequent development is a key part of the discipline. This book is written on the premise that opportunity is the most important factor in any firm's success and that there are many ways a strategy can be configured and companies organized to exploit an opportunity successfully. This occurs in an environment where the locus of innovation is characterized by complex and ever expanding knowledge bases, surrounded by firms that are also learning how to respond to the environment. Numerous theories about entrepreneurship have been advanced in recent years, but very few about opportunity. This book is about what makes up an opportunity, how it is composed, how it can be constructed, and how the organization and strategy can be developed in line with the components of opportunity.

In many cases strategic planning has become a ritual, a narrative, an exercise primarily aimed at reducing confusion and uncertainty in organizations. Strategy is really a scheme of doing things towards an objective that one does not really have full control of; only the direction can be guided. The time available for people to reflect is less than ever. The dysfunctional way that many companies are operated with traditional management systems keeps many organizations in a perpetual "*fire fighting mode.*" It is also a fallacy that profit is the only entrepreneurial objective and as a consequence the measurement of success is subjective. Success is a socially constructed paradigm dependent upon the values of those that look at the venture.

The majority of companies are opportunistic rather than opportunity seeking. They are eager and ready to jump in with *'me-too'* products to take advantage of a developing market. Many firms are like their owners and managers where instant self gratification is sort after. Large companies tend to grow divisionally, however this growth is not so much driven by opportunity exploitation, as it is through other factors within the premises of Parkinson's Law.

Management theories that have 10 rules, habits, or points that claim to lead to success, do not prove cause and effect. The mentioned elements may exist and correlate with success, but we aren't really sure about causation. So many books mention the same companies, that it can't be possible that all these companies are utilizing all these theories at once. These positivist theories miss out on the complexities of organizations and the environments they exist within, and most often the points and issues that influence success and failure.

Implementing management theories as a checklist is potentially very dangerous. Checklists are just like putting a net into the ocean to see what can be picked up, where we assume that what is picked up is actually the essence of the ocean. As W.Edwards Deming once said *"you can only measure 3% of what matters."* Problems and opportunities arise out of imperfections and theories don't handle imperfections well.

Never has management and entrepreneurship been so keenly contested for the manager's attention as today. There is a preconception that *management gurus*, whether academic or *practademic* based know best when delivering theory. Some theories are often based on conflicting assumptions utilized from cognitive psychology to economic theories. For example, there is still no agreed definition about what constitutes a learning organization. Various learning theories exist, adding to the dilemma of managers.

In the 1970s and early 1980s we saw strategy and structure with the concepts of competitive advantage and the utilization of strategic tools. These strategic tools have become more sophisticated as time goes on. The 1990s saw focus on a company's core competencies, internal processes and organizational culture. Strategy was about strengthening a firm's capabilities and using competitive leverages within the marketplace. Firms became learning organizations and concepts of absorptive capacity became the focus. The new millennium became the age of entrepreneurship, where entrepreneurship almost broke out to become a separate discipline to business management. Thousands of pieces of research come out about the subject every year. From the business perspective, the environment, ethics, and sustainability have dominated the agenda. But from the business and entrepreneurship schools, little has been said about opportunity.

Theories are not a reflection of the world, but naïve attempts to act on the world. In addition, many management theories have been misused *(i.e., Lean manufacturing),* as excuses for doing other things like cutting jobs, which bring great insecurities to people in organizations. Sometimes theories are used as the *'great savior'* or as a *'showpiece mechanism'* to say to stakeholders that management is in control, when in reality they are not. One dimensional or univalent approaches are inadequate for providing a framework within which to comprehend the complex factors that make up the concept of opportunity. Psychology and management theories explain things using metaphors that pass concepts across to others, so one phenomenon can be explained in many different ways with emphasis one different aspects.

To understand opportunity, strategy, and entrepreneurship there is the need to develop a *meta-theory* as any single theory cannot hope to cover the situational, relational, and contextual issues of opportunity. A *meta-theory* is a set of theories that in combination offer some assistance in understanding the phenomenon we are trying to comprehend. Other existing theories, either in whole or part become part of the *meta-theory*. A *meta-theory* is like looking at a panorama with different coloured sun-glasses. Each pair of coloured sun-glasses provides a different view of the object that the others don't. To develop a *meta-theory* of opportunity at a micro level, we must undertake a macro-study of companies and also look at case histories and reasons for start-ups, growth, development, and failure. Consequently, this book is partly based on a study of the Fortune 500 companies over the last 50 years, which has been supplemented with looking for similar trends and patterns through history and the different stages of country development, utilizing raw data and other supporting materials. To theorize is to take a mental journey from the word of observed events to the world of hypothetical concepts. This requires the use of imagination in a similar way that Sir Isaac Newton and Albert Einstein gained an understanding about what they were later to theorize about respectively.

A theory should answer *what, how, why*, which can be applied in given situations. *What are the variables and factors involved?* - The constructs. *How are they related?* – The connections. *What are the underlying psychological, economic, and social dynamics involved?* And, *what are the causal relationships?* In any situational context, *who can use it? Where can it be used?,* and *When?*

However, there can be little formal proof about whether a theory is correct, or whether one theory is better than any other in explaining something. Management theorists are sometimes more concerned whether theories can be validated rather than their usefulness. In contrast, from a practitioners point of view, a theory is a roadmap to help improve the understanding of what one is seeing, and to assist them in mapping out trajectories for the future. There is no sure way of being where one wants to be in the future, but a good map helps one steer the right course, helping them prepare for any bad weather or other catastrophes that may occur along the way. Simple tests of measurements, mathematics, statistical analysis and manipulation cannot be used. Many theories are good in reconstructing the facts in hindsight, but none are effective in predicting results in the future. This is partly because of the contribution imagination, interpretation, and selections have on the process, something no theory can take any account of – the irrational. Theories cannot predict peoples' situational wisdom and consequential behaviour.

Competition and opportunity has spread to almost all sections of society, including arts, education, healthcare, philanthropy, and poverty eradication. There are growing claims upon scare resources and rising social needs and issues. The opportunity framework is relevant to both the macro and micro environments. Macro in terms of opportunities that occur during different stages of economic growth and how communities can plan and empower themselves according to the relevant opportunities available, and micro in terms of a how a firm or venture operating within a competitive environment can best identify and exploit opportunities in front of them. The uncertainty ahead will lead to great opportunities, and entrepreneurship will be at the leading edge of change. There are great win-win opportunities for both companies and societies if these opportunities are approached in ways that look to achieve *Pareto optimal solutions* and *Nash equation outcomes.*

The word *enterprise* may have been more relevant than using the word entrepreneurship, as so many definitions the term infers some form of novelty or innovation. Enterprise is common to all types of entities including sole traders, SMEs, corporations, multinationals, non-profit organizations, and even communities. They may be innovative or they may be not. The common thread is that an entity will seek opportunity to survive, earn some form of income, or seek some other objective that is viable within a certain place and time. This opportunity is found from the world in conjunction with the one's social, cognitive and psych based reference point where certain and particular facts, perceptions, events, or situations are connected with prior knowledge. To exploit the given opportunity any entity, human or enterprise must utilize what resources they have efficiently and innovatively. The entity must then utilize or create their own networks to enable the development of a process to exploit the opportunity. If it is a single person or sole trading entity, skills and competencies must be used, or in the case of a larger entity made up of more than one person, capabilities are utilized to support developed products/strategies within a competitive environment.

Individuals in organizations act as gatekeepers to filter what information comes in and also perform the role of interpreting the information. This has a distorting affect on the realities of the social world. Most organizations follow the lead by their CEO rather than adhere to any set of management theories. In effect, an organization runs on the theory believed in and practiced by the leader built up through his or her experiences. One of the greatest problems with entrepreneurial research is that it is situational with different environmental factors underlying it, making it very difficult to *roll out* any particular research into a general theory.

This book was the result of the writer's urge to try and explain the concept of opportunity, why some people see it and others don't, and why some people are successful, while others fail. It is based on almost forty years of observation as a practitioner and the last six years of the writer's own research into these questions. Venture failure appears to occur for two main reasons. Firstly, because the opportunity was not identified correctly, and secondly because something was lacking in the exploitation of the identified opportunity – networks, resources, skills, competencies, capabilities, commitment, or courage.

The companies mentioned in this book are for illustrative purposes only, not meaning to be any formal case study. The company examples are only there to extrapolate any points made in preceding text. Much of what is written in this book cannot be empirically tested for validity; it can only be observed and verified by antidote. Due to the vast nature of this project, it has been necessary to use a *broad brush approach* to fill in some of the detail to make up the *meta-theory*. This may have been at the cost of some accuracy in theories and facets presented, but hopefully this does not destroy the sentiments of the arguments put forward in this book. Some findings may be conceptual and even suggestive as it was difficult to arrive at conclusive findings in such a situational topic. Most diagrams are conceptual only, in attempts to add to understanding of the concepts discussed rather than a deliberate theory.

There is still much conjecture about entrepreneurship research as so much of it is situational and area or industry specific, if not company specific. For a success and failure standpoint, some firms succeed, while others fail and we can only suppose with other people why this is so, and one person's opinion may just be as good as another's. Hopefully this book may be considered some small incremental addition to the understanding of entrepreneurial opportunity and strategy. The exercise of writing this book would be deemed successful if it has helped to explain the issues involved in success and failure of firms.

It is the author's opinion that people can learn how to see, discover, and construct opportunity.

The book is broken up into two volumes, volume one with four chapters and volume two with seven chapters.

In the first volume, chapter one introduces the concept of opportunity, preempting some of the themes that will come later in this book. Opportunity is described as both an environmental and individual phenomenon where aspirations and imagination are just as important as changing social, economic, technological, and regulatory structures and conditions. Four basic types of opportunities exist. Imitation based opportunities occur with little innovation and value creation. Allocative opportunities occur because of mismatches in supply and demand. Discovery based opportunities occur from shifting consumer preferences, regulation, and economic conditions. Construction based opportunities don't exist until someone constructs and develops them through the process of effectuation. Opportunity is seen as a dynamic and ever shifting, where successful firms are those that match their strategy with opportunity. Opportunities begin through images which are connected with other images forming concepts which are developed, evaluated, and elaborated into ideas. The chapter concludes with a discussion about emotional sensitivity and the role it plays in seeing opportunities, the idea evaluation process, and chance and fate.

Chapter two examines opportunity from the socio-economic, economic history, economic geography, political economy, and biographical perspectives. This chapter argues that opportunity and our consequential actions occur within the realm of time and space. Due to our evolutionary accumulation of knowledge, technology advancement, and social evolution being time and spatially based, opportunity to a large degree is a product of time and space. For ideas to become valid opportunities, all the elements that enable opportunity gestation and its subsequent exploitation must be in place. The trajectories that entrepreneur/inventors take are also a product of time and space as opportunity and strategy are socially bounded. This chapter is divided into three parts. Part one examines the phases of national development through the stages of a traditional economy, under-developed economy, developing economy, developed economy, and post industrial economy. Each particular stage of national development lends itself to certain types and scope of opportunities. The second part of the chapter looks at the biographies of a number of inventor/entrepreneurs during the industrial revolution to the turn of the twentieth century. Looking directly at biographical contexts allows us to look at the flow of events in time and space in terms of innovation, invention, promotion, and effect on society at the time and into the future. This approach may provide some window into how inventor/entrepreneurs gained insight and were able to develop their inventions into commercial reality. One can also get some feeling about the motives they had, challenges they faced and see how their development of business models was crucial to the success of their ventures. Part three takes us into the twentieth century beginning in the post World War II era. A look is taken at some of the important entrepreneurial events during each decade until today. Certain entrepreneurs and their ventures are examined in the light of the social and economic conditions evident through those times.

Chapter three examines the ways we look at the world through a number of different paradigms and metaphors. The chapter is an attempt to explain how we perceive and what influences our thinking. This chapter is also broken into three parts. The first part looks at how we perceive through examining the sociological factors influencing us. These include demographic factors like family and peers, domicile outlook, the need to survive, work and life experiences, education, skills and abilities, age, and gender. The section finishes with a look at generational differences and culture. Part two explains how our cognitive system works, emphasizing its limitations and how this is compensated for. Part three takes us into the psychological domain where a number of mechanisms influence how we perceive, think, and make decisions. These include our emotions, emotional attachment, our ego, identity, and self, the unconscious, defence mechanisms, group views of reality, transference, symbolic and ritualistic delusion, groupthink, motivational bias, tiredness and complacency, cognitive traps, personality traits, entrepreneurial typologies, power and conflict, genetic inheritance, and mid life crisis and transition. Imagination, passion, enjoyment, energy, personal discipline, and what constitutes a motivational trigger are examined as processes that facilitate a person see and react to opportunity. Finally the chapter hypothesizes that opportunity is as much a product of ourselves as it is of the environment around us.

Chapter four is concerned with creativity, a concept that is not totally agreed upon as some people see creativity as a process, while others view creativity as a product. Creativity is totally interlaced with opportunity, strategy, and entrepreneurship where both its process and product are fundamental to the whole phenomenon. Creativity is necessary in idea creation, its evaluation, opportunity construction and effectuation, developing the sources of opportunity, the gathering and combining of resources, networking, and the crafting of strategy to achieve a vision and solve problems along the way. Although we know most of the cognitive processes related to creativity and can identify most of the characteristics associated with it, we still need to explore creativity through metaphors, various styles, and applications. The second half of the chapter will look at a few different approaches to applying creativity and conclude with a discussion about the barriers to creativity and how they can be overcome.

In the second volume, chapter one introduces the sources of opportunities. As opportunities can be considered gaps in the market where there is potential to do something and create value, these gaps must have a causal source. There are six basic major sources of opportunity consisting of market voids, technology infusion, structural changes, resource monopolies, regulation and non-innovative sources. Any opportunity is likely to be based on one or more of these sources, carrying multiple characteristics, but they are in fact very hard to really see and understand. Once the correct sources of opportunity have been identified, resources, capabilities, networks, can be configured to develop strategies to exploit them.

Chapter two considers the issue of resources in relation to opportunity exploitation. Resources comprise of anything that is of use to an entrepreneur, either as a tangible or intangible form. A business model can be considered a higher level resource, as it reflects how an entrepreneur combines resources to create value from those at his or her disposal. The chapter briefly discusses how needed resources for a new value chain can be identified and allocated within the venture to build the resource base. The resources base is from where enterprise capabilities and ultimately strategies are built upon. Different types of resources are needed during different stages of a firm's evolution. Eventually the entrepreneur will be able to build specialized resources that cannot easily be copied by competitors, which can form the basis of some form of competitive effectiveness. The chapter concludes with a brief discussion about how resources can be utilized as barriers to entry and outlines the resource cycle of a firm.

Chapter three considers skills, personal competencies, and enterprise capabilities. The beginning of the chapter looks at personal talents and abilities and how they can be developed into skills. Various types of skills exist along a continuum spanning between those that are domain specific and the broader cognitive and interpersonal skills. Sets of skills can be developed into personal competencies which enable a person to become an expert in a particular field and within an entrepreneurial start-up, form the basis of enterprise capabilities. Enterprise capabilities are distinctive enterprise competencies directly related to various aspects of the business. They include management capabilities, entrepreneurial capabilities, organizational culture, learning capabilities, innovative capabilities, and dynamic capabilities which assist the firm change according to the trajectory of opportunities within the environment. Enterprise capabilities form the basis of strategy that the firm employs to exploit opportunities.

Chapter four examines networks which are an entrepreneur's connection both within his or her organization and to the outside environment. Networks can be formal or informal and enable the entrepreneur to acquire resources and finance, gather market intelligence, develop new products, develop bridges where they lack capabilities, gain access to new markets, and enable the sounding out of ideas and access to emotional support. There are many formal network mechanisms including licensing agreements, sub-contracting, strategic alliances, agency and distribution agreements, and routine mechanisms like sales calls. Informal mechanisms can include social connections, family and peers. Networks are an important source of learning and have diverse influences upon decision making. The remainder of the chapter looks at network based strategies such as strategic alliances, relationship marketing, and looks briefly at network based opportunities, and network building strategies.

Chapter five outlines the composition of the competitive environment, the actual field where opportunities manifest and are exploited. The competitive environment incorporates customer and supplier influences, substitute and complementary good influences, barriers to entry, and the competitive field itself. This is continually influenced by the state of the economy, social trends, technology, and government intervention. Consequently the competitive environment is dynamic and continually changing with its own lifecycle, which influences the nature of competition. Firms are able to segment the competitive field or with radical new technology, new processes, and/or business models, create new competitive fields. The opportunity-strategy nexus is based on the sources of opportunity, the nature of the firm's resources and capabilities, which form the basis of strategy creation. The chapter concludes with a brief discussion about the steps involved in environmental analysis.

Chapter six concerns strategy, where strategy is seen as a process of finding out what works within the competitive field through effectuation and trial and error. Strategy is seen as an intuitive rather than an analytical process. Developing strategy requires prior knowledge and experience about '*what works',* constrained by the firm's resources and capabilities. There are a number of basic strategies, and those listed in this chapter are not exhaustive. A firm will usually adopt and modify a particular type of strategy for specific purposes. Basic strategic typologies may be modified or merged to form new types of strategies particularly suited to the firm's situation. The chapter concludes with a discussion on the components of strategy, developing barriers to entry to prevent other firms imitating a firm's strategic position.

The final chapter synthesizes all the elements; time and space, the vision platform, making connections, resources, skills, competencies and capabilities, networks, the competitive environment, and strategy into what can be called the opportunity framework. Each element is influenced by and influenced the other elements, forming an entropic pattern, where all the elements are required to create a true opportunity. The essence of the meta-theory is that when any entrepreneur visualizes any idea, all the elements must exist for there to be any real opportunity. Likewise when the entrepreneur attempts to exploit the opportunity, strategy must be built around these interrelationships.

Not much of the meta-theory is itself new ground in entrepreneurial or strategic thinking. Everything has been hypothesized before. What is new is the way the interrelationships are structured and relate to the opportunity, the strategy, and the enterprise. The concept of opportunity is itself a metaphor for new sources of wealth, and as such any inadequacies in any of the parts of the meta-theory shouldn't detract from the conceptual framework itself.

The author hopes that this has made some small contribution towards a deeper understanding of opportunity.

Jejawi, Arau,
Perlis, Malaysia
8th February 2011

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Writing a book of this magnitude in a rural part of Malaysia that can be considered one of the poorest parts of the country was a great challenge due to the intellectual isolation. The only advantage of being in a place like this was the endless time available to research and write this manuscript. There would have not been the time available to think about things if the writer was in a large city campus university.

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Thank you to all for assisting me on my journey.

Today, entrepreneurship is one of the most written about topics in the field of business. Books and articles exist from the theoretical, biographical, research, and educational perspectives. However the concept of opportunity, which is at the heart of entrepreneurship, has been largely ignored. This book, *Opportunity, Strategy, and Entrepreneurship* attempts to bring the concept of opportunity into mainstream discussion and consideration by presenting a meta-theory which dissects all the elements of opportunity, so this phenomenon can be better understood.

Without opportunity society cannot progress, and without opportunity, entrepreneurship cannot exist. This book considers how opportunity is closely linked with our society's development, and how innovations today will lay the foundation of further opportunities in the future. To harness the environmental streams that carry opportunities, one must have the ability to make connections and see the origins, so that resources, capabilities, and networks can be configured into strategies to exploit any seen, discovered, or constructed opportunities. A meta-theory is finally presented as a framework of opportunity where the reader can clearly see the individual elements and how they are interrelated to make up any potential opportunity. Any successful exploitation of an identified opportunity depends on satisfying all the individual elements effectively through an opportunity based strategy.

# CONTENTS

*Chapter 1*

# INTRODUCTION: OPPORTUNITY: THE CONCEPTION OF ENTERPRISE

All human activity is directed at some perceived possible future. Our life is dominated by the channelling of our efforts towards creating the future we anticipate for ourselves. The future is a journey for which we are not certain, relying upon our imagination to picture what this future would be like, whether it is just in five minutes or five years time. We can only be certain about this future when we get there (Sarasvathy 2002). The heart of seeing opportunity is about seeing the future, a process that doesn't occur through formal analysis, forecasting or strategic planning process. Rather, opportunity is about seeing the future for what it could be through our aspirations and imagination in ways that other people don't see. There is a passionate, visionary, and exciting side to opportunity that formal systems and theory does not capture adequately. Opportunities create a path where various levels of enthusiasm, skill, resources, rigidity and commitment, and a devised strategy are pursued by individuals and firms. This journey begins with the identification of an opportunity upon which we are inspired and motivated enough to pursue, not always knowing where we will end up. Our actions test what we are anticipating, inferring that pursuing opportunities is about learning.

Opportunity cannot be explained by environmental forces or individual factors alone as they are both very much interrelated (Shane 2003). The phenomenon of opportunity spans across the disciplines of micro-economics, psychology and cognitive science, strategic management, resource based and contingency theories that are patched together, synchronized and added to form new information in the form of ideas. Opportunity is a situational phenomenon that is developed from incomplete information (Kirzner 1973, 1985, 1997). Opportunity relies on an individual recognizing, discovering or constructing patterns and concepts that can be formed into ideas. Opportunity is a poorly defined concept where theories are good at explaining creation after the event, but been very poor in predicting creation. Theories are limited in their explanations and can only point to what capabilities exist when the individual is developing opportunities. Opportunity models that have been developed by strategy and marketing researchers have difficulty in being applied to entrepreneurial start-ups. For example, in the pre-1970s it would have been totally inconceivable to predict that a group of young entrepreneurs who dropped out of university would be able to move into the computer industry and be so successful exploiting opportunities that incumbent *Fortune 500* firms like IBM couldn't (Muzyka 1997).

The central aspect of opportunity is being able to see it in the first place and acting upon it before others. This is a function of how we perceive the world and process information. The resulting intuition, vision, insight, discovery, or creation is an idea which may upon evaluation become an opportunity. This ability is not uniformly distributed throughout the community (Carland *et. al.* 1996), as people have different orientations towards time and space as depicted in Figure 1.1. Thus the opportunity *gestalt* is not a uniform or regular phenomenon that any theory can provide a general explanation[1].

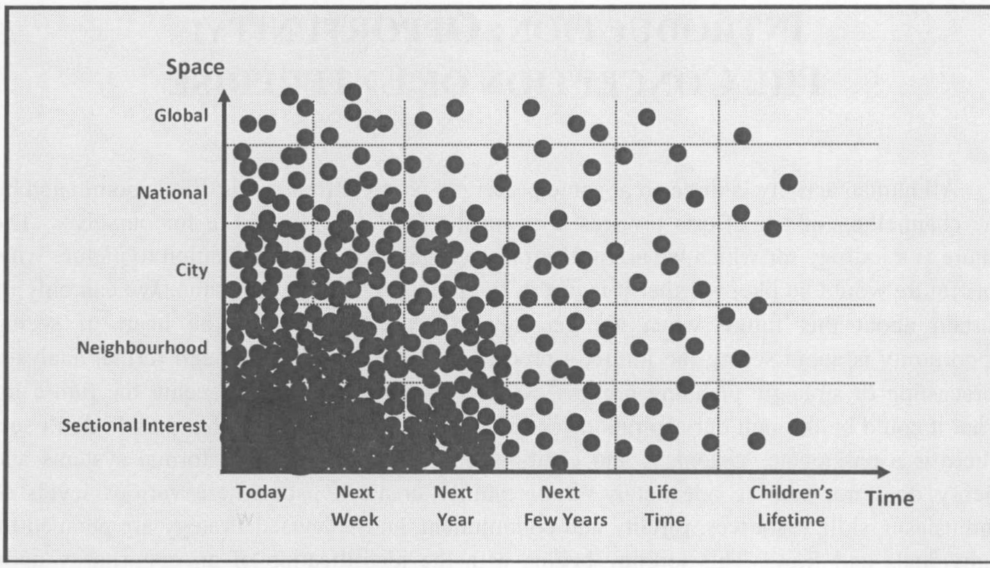


Figure 1.1. The diversity of peoples' orientation towards time and space.

Opportunity is a dynamic construct that ebbs and flows according to a continually changing environment. This also occurs in what were once called traditionally *"stable industries"* like broadcasting, entertainment, chemicals, pharmaceuticals, automotive, and aviation. Customer trends, resource costs, government regulations, changing trade conditions, competitive products, merging industries, and other types of pressures and shocks like rising petroleum prices continuously shift the panorama of the environment and thus change is the prime generator of opportunity. The financial crisis of 2008 coupled with international monetary shifts, changing exchange rates and the movement of manufacturing and jobs from Western countries to China are phenomena that change national economies and the balance of world markets, bringing massive structural shifts and potential opportunities. As we saw in 2008 this process can be extremely rapid and appear to occur with little warning just like the *'peoples' revolutions'* in Tunisia, Egypt, Jordan, Yemen, Bahrain, and Libya during 2011. Figure 1.2. depicts some of these rapid changes in relationships that are shifting the locus of opportunity in a major manner. One of the many affects of these changes has been the

[1] Gestalt in this situation is the formation of something whole through insight, intuition, and other forms of mental construction.

dramatic shift of firms to manufacture in China. Whole companies are being taken over turning company towns into museums where legacy exists only as a brand name like Waterford Crystal[2].

Over the last forty years we have witnessed the creation of many new multi-billion dollar industries like the modern era of biotechnology, discount retail, mutual funds, cellular telephones, personal computers, satellite television, and the internet. Industries that were important to the growth of the US during the larger part of the twentieth century like steel have massively declined, leading to the demise of giant *Fortune 500* companies like Bethlehem Steel. Companies like Intel, National Semiconductor, Microsoft, Apple, Nokia, Amazon, eBay, and Wal-Mart have risen to dominance in their industries, each in their own way transforming the way a particular industry works. The changeover of industry dominance has been so rapid that 40% of the *Fortune 500* companies that existed in 1975 were no longer operational two decades later (Griffin 1997). Today 33% of the most successful firms profits are generated from products launched within the last five years (Foster 2000). In some industries like the mobile phone, television manufacture, white goods and automobiles, etc this figure is much closer to100%.

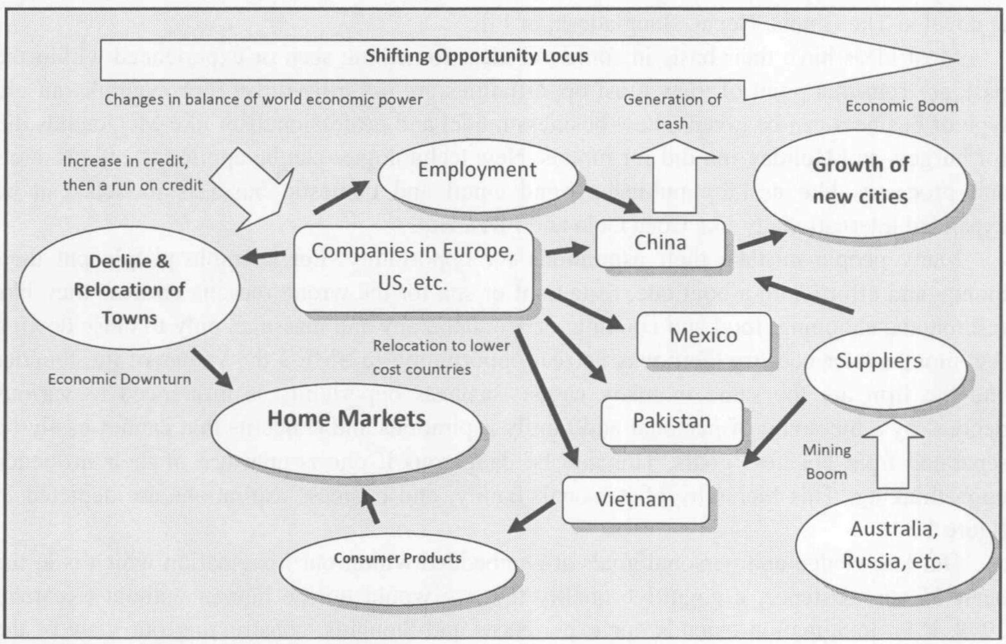


Figure 1.2. The shifting global opportunity balance.

Firms need to continually renewal themselves through taking on new opportunities by developing and launching new products, services and/or creating new business models. Companies need to shift their strategies flexibly as the characteristics of opportunities change and pursue emerging opportunities to remain successful. There however is a tendency for

[2] See: Workers occupy crystal factory, BBC News, http://news.bbc.co.uk/2/hi/uk_news/northern_ireland/7862515.stm, (accessed 29th December 2010).