

# Generating New Business Opportunities

**Over the last 2 weeks, I have been teaching a newly developed INSEAD MBA course on Identifying New Business Opportunities (INBO). The class is structured as a hands on experiential workshop that combines three novel approaches to Innovation/Entrepreneurship: Business Model Innovation, Idea Tournaments and Lean Startups/Discovery Driven Planning.**

As regular readers of this blog know, Business Model Innovation is all about identifying entrepreneurial opportunities via innovating the business models in existing competitive industries. Idea Tournaments is a process that leverages the wisdom of the crowd for selecting and developing amongst new business opportunities. Discovery-driven planning philosophy prioritizes tasks to limit entrepreneurial risk. Taken together, these approaches are in contrast to the conventional serendipitous, solitary process of innovation and it instead provides a systematic, risk-limiting pathway to realizing innovative outcomes.

As a group in class, we experience these techniques hands-on and we jointly start multiple new ventures. The workshop proceeds in three phases– an idea generation phase, an idea selection phase and an idea refinement phase. Participants generate 100s of new business opportunities and each week they are required to complete a carefully designed task that advances these opportunities in a venture-risk limiting way. The tasks highlight the strength and weaknesses of different opportunities and, as a group, participants vote off the weakest opportunities, progressively filtering them down to the 20 or so most promising ones, many of which we develop into real businesses. Yes, it is a twisted combination of American Idol, The Apprentice and The Survivor...

This week, we concluded the idea generation phase of the current iteration of our workshop. Designing an efficient idea generation process has been one of my research-interests. (see research article 1, and synopsis of this research published by the MIT Sloan Management Review). Based on this research and numerous idea generation exercises tested in entrepreneurial and corporate settings, I have often observed one key failing of idea generation process at most organizations– The processes tend to be somewhat poorly defined and they are composed of many open-ended, divergent tasks. While these tasks, in theory, encourage creative thinking and maybe are ideal in a generic innovation context, in a corporate context these task are often too unstructured to get the attention of busy executives.

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Most often, loosely defined tasks with unmeasured output get pushed to the bottom of a busy executives to-do list. Given that idea-generation is inherently a creative task, most practitioners and researchers have felt that there is no other way to systematize the generation process.

However, recent research on idea generation for new ventures and on creative thinking in advertising suggests a route to resolving this dilemma. The main idea is to identify “creativity templates”. These templates are essentially patterns in the content of new ideas. For example: a creativity template for generating new business opportunities might suggest to change the relationship with customers– from selling products to selling a service that the customer cares about. In fact, almost all of our posts on this blog can actually be interpreted as creativity templates using examples of business model innovations.

To make the templates most useful, it helps to think through the key abstract innovation and the key contextual features such as the industry, market, geography and time-period in which ideas generated from that template are most likely to work. Based on these templates, one can define structured, analytic search tasks that lead to potential new business opportunities. Essentially, we can convert what is an open-ended, divergent thinking task into an analytic convergent thinking task. This approach has a big advantage– most executives (and our MBA participants) have had years of training and experience with such analytic tasks, while they have had no experience with creative tasks. Further, for most other aspects of new venture development and running a business, analytic thinking is the key. My experience with dozens of idea generation campaigns organized using this research insight has convinced me that this is the key to success.

In our MBA INBO class, we live by this idea generation philosophy. Based on an extensive cataloging of over 500 different startups, we have developed a set of 20 or so idea generation templates which we use to run three idea generation

“bootcamps”. Each of them is based on 7-8 different techniques. We first discuss the techniques using 10s of examples, talk through the “Works Best When” conditions and then participants systematically work through these techniques to generate opportunities. Without exceptions, each time I have run these workshops, an overwhelming majority of the participants walk out surprised with their own ability to generate new business ideas. I believe designing a structured process based on the latest idea generation process research and inspiring participants to dedicate a couple of hours or so of focussed energy on idea generation are the keys to making this happen.

In our most recent iteration, capacity constraints limited us to about 100 MBA participants. With an average of 2 hours or so of dedicated work, as a group, we generated over 1500 interesting new business opportunities. To be sure, not all of these are probably viable– but a key thing to remember about idea generation — it is not the quality of the average idea, or the quality of every idea that matters, but it is the quality of the best ideas generated that matters. By that measure, each participant felt that they had at least 2-3 ideas that could be viable businesses, with many participants reporting significantly more. Taken together, we had 489 ideas that each participant shared with other participants. Below is a word-cloud of the ideas we generated.

Some key themes that many of our best ideas embraced: platform businesses, businesses that leverage social media in new contexts, the increasing focus on eating well, the need for organizing our information flows, tending to the needs of ageing population, sustainability imperative etc. I am really looking forward to how our current group of participants will develop these ideas into real businesses. The next step in our identifying new business opportunities process involves selecting and refining these ideas.... I will keep the readers posted on how that proceeds!

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