

Cambridge Judge Business School

Is your idea an
opportunity?

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**UNIVERSITY OF
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Judge Business School



Knowledge and Awareness

‘There are known knowns. These are things we know that we know. There are known unknowns. That is to say, there are things that we know we don't know. But there are also unknown unknowns. There are things we don't know we don't know’.

Donald Rumsfeld



Unknown unknowns kill start-ups

Common 'Unk-unks'

- Reasons people have for NOT buying
- Whether you'll love 'plan B'
- The true cost of customer acquisition
- Who has the real power in your value chain
- The motives, values and commitment of your team
- How long it can take to raise money
- The *actual* value of your social capital

Evaluation is crucial

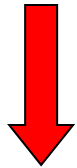
- Most new businesses fail
 - Folklore says 80% but difficult to measure
- Most fail because of poor opportunity evaluation
 - 65% of all failures are avoidable
 - Due to a weak business proposition and poor management
- Knowing *when to walk away* is a key strength



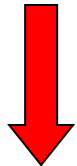
Avoiding non opportunities is a core competence

Ten tests of an entrepreneurial opportunity

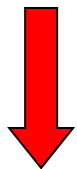
100 Business ideas



33 Market opportunities



10 Business opportunities



1 Realised opportunity

1. Market conditions
2. Industry conditions
3. Access to required resources
4. Technology – proof, prototype, patent, platform
5. Timing – Market, funding
6. Scalability
7. Exit route
8. Personal fit – skills, experience, interest
9. Team – fit and function
10. Revenue model

The dream ticket..!

- The idea creates or adds significant value to a customer or consumer
- It does so by solving a major problem for which customers will pay a premium
- The idea is protectable (patent)
- Large (> €100m) market
- Strong market growth (20% pa)
- High gross margin (40% plus)
- High potential for net profit (10 to 15%)
- Early break-even point
- Strong cash flow
- Clear exit evident from the start
- Attractive returns for investors (>30% IRR)

