

Transforming New Ventures into Growing Companies: How to Identify and Seize New Business Opportunities for Sustainable Growth

Jun-Woo Bae

Ph.D. Candidate, KAIST Graduate School of Management, Seoul, Korea
babondal@kgs.m.kaist.ac.kr

Joong Hyun Kim

Ph.D. Candidate, KAIST Graduate School of Management, Seoul, Korea
simple@kgs.m.kaist.ac.kr

Zong-Tae Bae

Professor, KAIST Graduate School of Management, Seoul, Korea
ztbae@kgs.m.kaist.ac.kr

Abstract

This study will explain the process of opportunity identification and development, and address how to identify the timing and the directions of corporate changes and also how to recognize, evaluate and realize new business opportunities. Because this area of research is still unstructured, in-depth case study was carried out.

The intensive case study for four successful high-tech ventures that succeeded in corporate changes and have grown sustainably shows how these firms can recognize the needs for change and maintain the sensitivity and agility to environmental changes, how they evaluate the opportunities, and how the new business opportunities are recognized and realized by the firms as well.

1. Introduction

Sustainable growth of existing venture firms is more important than the creation of new ones from the business viewpoint. This can be possible through continuous efforts towards corporate changes with identification and seizing of new business opportunities. Searching and realizing new business opportunity is important for both entrepreneurial ventures and existing firms.

However, the process for opportunity search and realization is very complicated, still ambiguous, and not well explained. This case study will address how to identify the timing and the directions of corporate changes and also how to recognize, evaluate and realize new business opportunities. Some key factors of successful opportunity search and its realization are derived.

2. Literature Review

Business opportunity recognition is one of the key driving forces in the new venture creation process (Timmons & Spinelli, 2003). Stevenson et al. (1985) also explained that identifying and selecting right opportunities for new businesses are among the most important abilities of a

successful entrepreneur. Consequently, explaining the discovery and development of opportunities is a key part of entrepreneurship research (Venkataraman, 1997).

Chiasson & Saunders (2005) tried to integrate existing opportunity studies based on the structuration theory developed by Jack & Anderson (2002). Chiasson & Saunders (2005) classified previous studies into six viewpoints: i) neoclassical equilibrium theory, ii) co-evolutionary lock-in, iii) triggers for structural change, iv) effectuation, embeddedness, and relationality, v) path creation, and vi) prior knowledge and feedback and learning. Summing up, the process of opportunity identification and development can be classified into three stages: i) opportunity recognition, ii) opportunity evaluation and selection, and iii) opportunity realization. The process of opportunity recognition, evaluation, and realization looks sequential, but the reality shows overlaps and replications. In short, we are still far from developing a comprehensive theory of opportunity identification and development (Ardichvili et al., 2003).

Many studies tried to find key factors influencing the opportunity development processes and the performance. Ardichvili et al. (2003) classified major factors that influence this core process of opportunity recognition and development leading to business formation into five categories: i) entrepreneurial alertness, ii) information asymmetry and prior knowledge, iii) social networks, iv) personality traits, including optimism and self-efficacy, and creativity; and v) type of opportunity itself.

3. Research Framework

Based on literature review, this study has developed a research framework as shown in Figure 1, and identified following three research questions. First question is related to opportunity itself. What are the sources of new opportunities? Where and when does the opportunity come? What kinds of activities are required to seize the opportunity? How can the entrepreneurs identify the timing of change? Second question deals with opportunity identification and development process. What are the stages of opportunity identification and development process? What kinds of activities are needed for identifying, evaluating, and realizing opportunities? Third question is regarding the influencing factors of opportunity identification and development. What are the driving forces of opportunity search and recognition? What are the criteria for evaluating business opportunities? What are the principles of opportunity realization that are maintained in the successful companies?

4. Research Methods

4.1 Case Study Method

Because this area of research on opportunity is still unstructured, in-depth case study will be carried out to explain opportunity identification and development processes based on research framework. The intensive case study for four successful high-tech ventures that succeeded in corporate changes and have grown sustainably is carried out. We selected case companies because they satisfy the following conditions. First, they have experienced major corporate changes such as: changes in product category and/or changes in business models. Second, they are all rapidly growing companies and have achieved sustainable growth and through the corporate changes. Finally, Firm J, Firm H, Firm R, and Firm V are selected for this case study.

4.2. Data Collection

For each case, data was collected through interviews with the CEO and published materials. The categories and contents of data collected from the case companies are summarized in Table 1. Questionnaires were used for data collection tools.

4.3. Characteristics of Case Companies

Throughout the interview and secondary data collection, basic information and the characteristics of the companies were identified and summarized as shown in Table 2. Especially, the process of new company formation and growth, major product, organization, strategies and recent performance were compared among four companies.

Firm J had grown very slowly for early 15 years. After making corporate change from an ordinary small company to a high-tech small firm in 1990, however, it grows very rapidly. Firm H had spent 5 years to identify the real business opportunity, a set-top box, after founding in 1989. Firm R has experienced very rapid growth from its inception, but recently it is seeking for new business opportunities to cope with competitors' strategic moves. Firm V has moved from a battery manufacturer to a mobile handset manufacturing company.

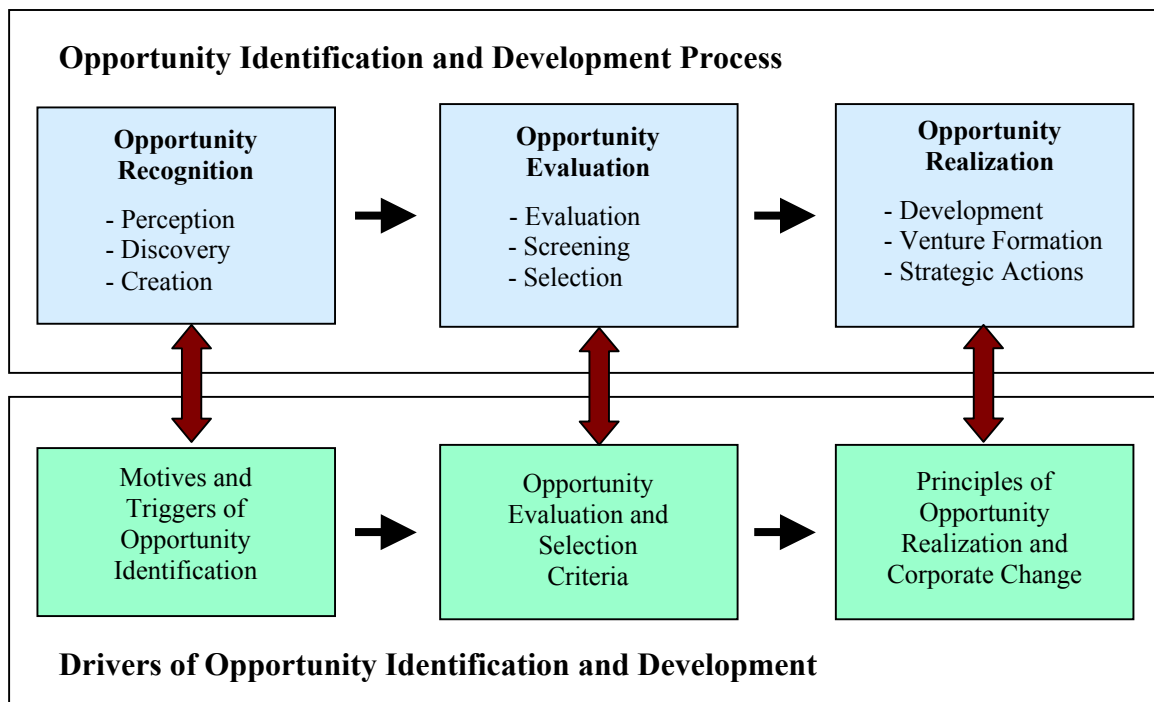


Figure 1. Research Framework

Table 1. Data and Information Gathered in This Case Study

Category	Items
A. Entrepreneurial Firm's Characteristics	
Overview of the Company	<ul style="list-style-type: none"> ● History of the company ● Major industry, market and products ● Financial performance ● Organization structure
New Venture Creation and Growth Processes	<ul style="list-style-type: none"> ● Characteristics of the entrepreneur and the team ● Opportunity recognition in the business formation process ● Strategies, resource acquisition, and organizational setting ● Characteristics of market and technology
B. Opportunity Identification and Development Process	
Opportunity Recognition	<ul style="list-style-type: none"> ● The timing of opportunity recognition ● Background and environment for opportunity search ● The sources of new opportunities ● Attitudes and the degree of efforts for opportunity search
Opportunity Evaluation	<ul style="list-style-type: none"> ● The nature of new business opportunity ● Reasons for selecting the opportunity ● The criteria for opportunity evaluation
Opportunity Realization	<ul style="list-style-type: none"> ● Marketing and market launching efforts ● New organization and culture for opportunity realization ● Identifying and marshaling necessary resources
C. Major Influencing Factors of Opportunity Identification and Development	
Triggers of Opportunity Identification	<ul style="list-style-type: none"> ● Entrepreneurial alertness ● Information asymmetry and prior knowledge ● Social networks ● Personality traits, including optimism and self-efficacy, and creativity ● Triggers for structural change
Opportunity Evaluation Criteria (Reason for Seizing the Opportunity)	<ul style="list-style-type: none"> ● Key criteria for evaluating opportunities ● Type of opportunity itself ● Path creation (technology, product, organization) ● Internal capability accumulation
Principles of Opportunity Realization	<ul style="list-style-type: none"> ● Principles of opportunity management ● Strategic actions including market, technology, strategy and organizational issues
D. Corporate Change	
Timing of the Change	<ul style="list-style-type: none"> ● The relevance of the timing of corporate change
Directions for Change	<ul style="list-style-type: none"> ● Directions for corporate growth ● Diversification and selection
Contents of Change	<ul style="list-style-type: none"> ● Changes in external environment and internal resources ● Changes in generic and business strategies

Table 2. Case Companies' History of New Venture Creation and Growth – Overview

		Firm J	Firm H	Firm R	Firm V
New Venture Creation Process	Established	● 1976	● 1989	● 1999	● 1997
	Incubating Organization	● Mold Manufacturing factory	● Ph.D. (Seoul Nat'l Univ.)	● Samsung Electronics	● Seoul Nat'l Univ.
	Opportunity	● Mold Manufacturing	● Digital multimedia trends	● Portable digital device and internet explosion	● Opportunity creation by R&D capability
Growth Process	Growth Pattern	● Continuous Growth through Corporate change	● Explosive growth and sustainable growth	● Explosive growth	● Explosive growth
	Main Products & Market	● Precision mold manufacturing ● Electrical parts for semiconductor industry	● Karaoke machine ● Set-top box ● LCD TV	● MP3 player ● Portable multimedia player (PMP) ● Electronics Dictionary	● Battery for mobile handset ● Mobile handsets
	Strategy	● Core technology capability based on precision mold manufacturing	● Concentration on Set-top box ● Niche market to mainstream ● Globalization	● Value creation through differentiation ● Focus on Self Brand building	● Focus on core technology and new product development based on R&D capability
	Culture	● Trust based culture	● Informal relationship to Formal relationship	● Freedom in work ● Sharing focused	● Informal relationship to Formal relationship
	IPO	● KOSDAQ(12/2003)	● KOSDAQ (04/1997)	● KOSDAQ (12/2003)	● KOSDAQ (10/2000)
Financial Outcomes	Size and Sales	● 433 employees ● Revenue: \$111 million (2003) ● Assets: \$95 million (2003)	● 326 employees (180 in R&D) ● Revenue: \$364 million (2003) ● Assets: \$398 million (2003)	● 400 employees (130 in R&D) ● Revenue: \$225 million (2003) ● Assets: \$178 million (2003)	● 668 employees ● Revenue: \$196 million (2003) ● Assets: \$167 million (2003)
	Sales Growth Rate	● 10 % growth in 2003	● above 100% growth between 1999~2001	● above 500% in 2000, 2001 (50% in 2002)	● above 2,000% in 2002 (40% in 2003)
	Profit	● Operating profit margin: 8.1% (2003)	● Operating profit margin: average 20% (99~01)	● Operating profit margin: 25% (2003)	● Operating profit margin: 19.2%(2002), 6.4%(2003)

5. Results

5.1 In-depth Case Studies

From the case study, some key factors of successful opportunity search and its realization are derived, and the differences among the firms in terms of processes and directions in opportunity identification and realization are examined. These Korean cases show how the firms can recognize the needs for change and maintain the sensitivity and agility to environmental changes, and how new business opportunities are recognized and realized by the firms as well.

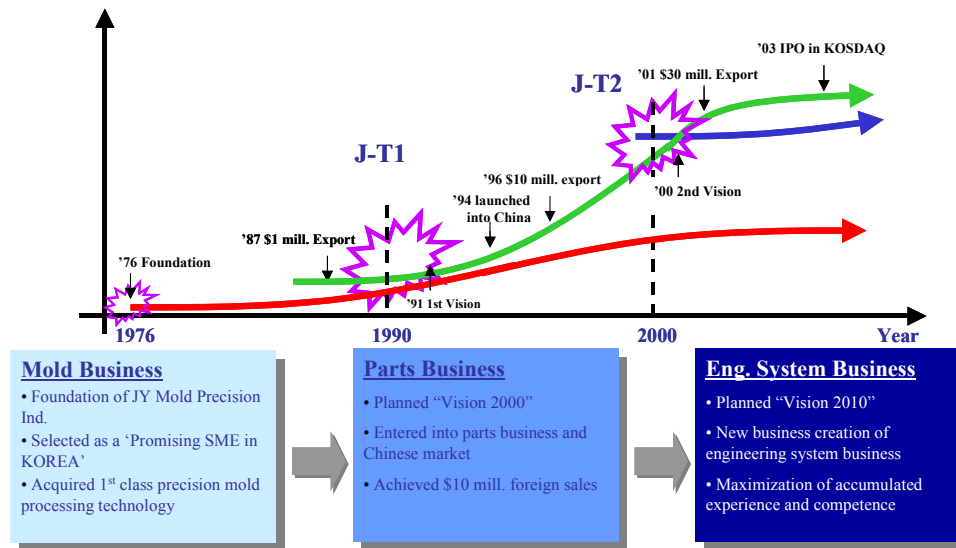
5.2 Firm J

Firm J was established in 1976. It has two big corporate changes. The firm's fundamental growth change began with first change, from mold business to parts business. The second change to engineering system business and global market is rather new to the firm. Its opportunity recognition and realization are described in Figure 2.

Firm J had steadily grown in precision mold industry from 1976 to 1991 in domestic and Japanese market. Steadily, the company focused on localization of imports products and new technology acquisition. However, as times go on, technology gap with Chinese competitor was decreased and there are increasing demands on manufacturing parts for automobile and electronics. The firm's CEO was getting to know about the uncertain future about the firm's growth. After \$10 million sales revenue, CEO strategically made an effort to prepare for the future and finished the Vision 2000('99~'00), which was the first long-term vision of the firm.

First change was from mold business to parts business. Through its continuous technological competence building focusing on precision molding products and quality, customer satisfaction was high and they were demanding more about the precision molding products. CEO decided to enter parts industry for automobile and electronics, which were not produced in domestic competitors and need leading-edgy technology. Firm J carried out R&D and accumulated technological capability for 10 years. Consequently it made a considerable growth and its revenue was \$1 mill. In 1987 and grew to \$30 mill. in 2001.

After 10 years of making Vision 2000, Firm J made a second version, Vision 2010, in the year of 2000. The company had grown as various parts products producer in electronics and automobile industry as well as a high-tech based high value added molding company. But CEO realized that the firm's future will be more uncertain, and Chinese competitors are more price-competitive in the market. After continuous and purposeful exploring new opportunities of the firm, Firm J began preparing new business. The firm had accumulated technological competence, technical know-how, and created new business concept that combines internal competency and knowledge database to provide the information and manual of parts and mold engineering system to customers. Firm J's new business is now at the beginning stage but it can be a second success of JY Solutec's forward movement for sustainable growth.



		<p>Precision Mold</p> <p>General Mold</p>	<p>Phone</p> <p>Car</p> <p>Connector</p> <p>Computer</p>	<p>CIM & IMS</p>
Opportunity Recognition and Evaluation	Background and Motivation of Opportunity Search	<ul style="list-style-type: none"> • Continuous internal competence building • Saturation of Mold industry • Decrease in technology gap with Chinese competitors • Increase of customer demand on parts • CEO's strategic intent: Prepare for the change after \$10 mil. sales revenue → Vision 2000('91~'00) 	<ul style="list-style-type: none"> • Limit on Local mold market industry <ul style="list-style-type: none"> - Transition of customers to China - Weak price competence - Difficulties on recruiting engineers • CEO's strategic intent : Needs on new market(products) after IMF → Vision 2010('01~'10) 	
	Sources of Opportunity	<ul style="list-style-type: none"> • Customer's (Japanese firms) demand • Continuous Learning through Foreign engineers and technical exhibition 	<ul style="list-style-type: none"> • Accumulated technological competence • Technical know-how and database • Opportunity recognition on new service business 	
	Selection of Opportunity	<ul style="list-style-type: none"> • Focus on localization of import products and new technology acquisition 	<ul style="list-style-type: none"> • New market creation through internal competence 	
Opportunity Realization	Types of Corporate Change	<ul style="list-style-type: none"> • Vertical Product Diversification - Backward expansion in supply chain 	<ul style="list-style-type: none"> • New Business Creation - Knowledge based service industry • Globalization 	
	Change in Market	<ul style="list-style-type: none"> • Entry with existing customers network • Focus on non-competitive market in local environment 	<ul style="list-style-type: none"> • New business model based new market creation through existing products and core technological competence → Knowledge sales and franchise of (molding + parts) knowledge database 	
	Change in Technology & Product	<ul style="list-style-type: none"> • Continuous technological competence building focusing on precision molding • Expansion to parts industry based on internal competence 	<ul style="list-style-type: none"> • Standardization of molding technology • Database on mold-related know-how and knowledge assets 	
	Change in Strategy	<ul style="list-style-type: none"> • MBO: Long-term strategic plan and string drive • One-stop service to customers (integration manufacturing – Parts + moldings) → Price/Lead-time reduction, Quality improvement 	<ul style="list-style-type: none"> • Full-scale Globalization 	
	Change in Organization & Resources	<ul style="list-style-type: none"> • Building on Parts and Molding division • Knowledge acquisition through external network • Resource investment on acquisition of core technological manpower - Support of apartment, incentives, etc 	<ul style="list-style-type: none"> • Establishment of Engineering system division • R&D Hub-center • ERP system • '04 Trust-based culture 	

Figure 2. Opportunity Development and Corporate Changes at Firm J

5.3 Firm H

Firm H was established in 1989. The firm has 2 big changes in product and business. The first change was from Karaoke machine to set-top box and the second was from set-top box to Home Media Server(HMS) and LCD TV business. Firm H started its business as a small venture with the team of Ph.D. graduates from Seoul National University. The firm was a typical start-up company with high technology and academic background, but insufficient money and moderate product. Finding a new target product that would be a success in the market is always the most difficult problem of new venture firm.

After several failures of trial products, they made somewhat big success with the explosive demands of Karaoke machine due to the boom of karaoke rooms in Korea. Its success provided an enough fuel of early steady growth of the firm until the mid of 1990s. However, Karaoke machine industry reached to the saturation stage and growth rate of its market size was decreasing. CEO felt a feeling of emergency. Based on CEO's prior professional knowledge and vision about digital multimedia consumer electronics, the firm decided digital set-top box as a new growth engine. From its inception, the firm developed its business in the global market because of limited domestic market size. Owing to its low brand image and restricted participation in broadcasting market, the company had to focused on the niche market at first. After 2 or 3 years of continuous effort to develop set-top box, firm H accumulated its product capability and competitiveness and it became well known as a quality set-top box manufacturer. Since they successfully expanded overseas subsidiaries and penetrated into foreign markets, its explosive growth continued for about 5 years.

After this set-top box success, CEO realized that set-top box market growth would be saturated and profit margin decreased before long. After evaluating the firm's core technological competence and the attractiveness of the opportunity itself, CEO's vision on digital electronics home appliances led to find out new opportunity of the Home Media Server(HMS) and LCD TV. Its technological characteristics and manufacturing processes are similar to prior set-top box products. Strategic alliances and customer network were already established. Successful entry of these products was made, and Firm H expects \$1 billion in revenues by year 2006.

5.4 Firm R

Firm R, one of the most popular MP3 player manufacturers, was established in 1999. Its revenue was \$226 million in 2003, and \$453 million in 2004. The company experienced enormous growth between 2000 and 2004. Its average growth rate of sales was more than 300% in those years. Its big changes are from software engineering business in the beginning to MP3 player and Portable media player (PMP) manufacturing business and from ODM business to its own brand name direct sales business.

The company's first business item was digital solution engineering and licensing business such as VCD, DVD and MP3 system. CEO thought that it could be a good start with high technology capability and with little money. However, there were not so many customers who could understand those technology solutions, and it was hard to sell software itself in the market. The environmental condition had forced to find another business items. After one year of business operations, the company decided to manufacture MP3 player and sell its product by itself. But, there were already a great number of similar flash memory type MP3 players at that time. CEO thought that his product should be differentiated with others in order to survive in the competitive market. With accumulated technology capability from previous digital solution

engineering business, the company designed and produced innovative style of MP3 player, slim MP3CDP. It was very successful in domestic market.

Considering its low brand loyalty and marketing capability in foreign market, firm R supplied the product to a big digital consumer electronics company in US with ODM based business model. But, the partner's demand forecast was so unreliable, and an amount receivable increased more and more. As conflict with partner became increased, CEO thought that it was a good opportunity to penetrate US market directly with its own brand and decided to separate with partner. After a few years of hard work, Firm R entered into the biggest electronics store in America with its innovative design of MP3 players. Its annual sales revenue was amazingly increased and brand strategy was a real success in those times.

But, MP3 player markets were more and more saturated and the competition became tough in spite of launching new products in MP3 player continuously. CEO thought that new fuel for growth was absolutely necessary and searched for new opportunity. Monitoring industrial trends for digital multimedia convergence and customer's need for portable digital electronic devices, the company added PMP and electronic dictionary to its main product category with its emphasis on high-quality and aesthetic product design.

5.5 Firm V

Firm V, which was established in 1997, has prospered very quickly from the development of lithium polymer battery (LPB) and from the release of GSM and CDMA cellular phones. The firm explored two big changes and succeeded in its journey till now. The first change was from a licensing buyer of LPB to the LPB manufacturing company, and the second was the change from a battery maker to a GSM and CDMA mobile phone manufacturer.

In starting-up stage, Firm V found an Indonesian company that had a next generation LPB manufacturing technology, and licensed that technology in order to get exclusive right to sell the battery in Korean market. After acquiring exclusive contract to provide LPB to a major Korean handset manufacturer, its battery was equipped into several ultra light weight mobile phones. However, the firm worried about the limited growth because of the licensed core technology. The firm decided securely to research and develop the core technology for his own risk. After 2 years of dedicated R&D efforts to develop core-manufacturing technology, Firm V finally succeeded the development and built LPB manufacturing process. The success of LPB commercialization led the company's first growth and IPO in KOSDAQ after 3 years from the beginning.

However, Chinese competitors captured LPB market more and more and the price was falling down to one tenth of the price since the first product. Firm V realized that it would be more and more difficult to survive itself in LPB market, and tried to find out new business opportunity. The result was diversification to the related product, mobile phones. The firm's prior knowledge about the handset manufacturing process was helpful but they had to secure many other different capabilities, technologies and knowledge about the markets in order to become a handset manufacturer, and finally they did within a very short time. The firm excelled to develop core technology in handset devices and manufacturing process. After adopting GSM technology, the firm pioneered to produce CDMA mobile phones as well.

5.6 Integration of Case Studies

There is a summary of 4 case companies' opportunity recognition, evaluation and realization process and corporate change in Table 3.

Table 3. Integration of Case Studies

	Firm J		Firm H	
	J-1	J-2	H-1	H-2
Background and Motivation of Opportunity Search	<ul style="list-style-type: none"> ● Customer Requests ● Accumulation of technological competence ● CEO's strategic intent 	<ul style="list-style-type: none"> ● Internal technological capability ● Limit on existing industry ● CEO's strategic intent 	<ul style="list-style-type: none"> ● Growth limit of existing industry ● Recognizing digital home electric appliance trend ● CEO's strategic intent 	<ul style="list-style-type: none"> ● Slow industry growth rate ● Digital convergence trend ● CEO's strategic intent
Sources of Opportunity	<ul style="list-style-type: none"> ● Customer network ● Accumulated technological capability 	<ul style="list-style-type: none"> ● Accumulated technological capability ● CEO's creative biz imagination ● Benchmarking of service industry 	<ul style="list-style-type: none"> ● Partner network ● CEO's knowledge and vision 	<ul style="list-style-type: none"> ● Accumulated technological capability ● CEO's effort
Selection of Opportunity	<ul style="list-style-type: none"> ● Avoid competition with local firms ● Localization of imported parts 	<ul style="list-style-type: none"> ● New franchise market creation 	<ul style="list-style-type: none"> ● Global competitiveness of firm's technological capability 	<ul style="list-style-type: none"> ● Similarity of existing technology and market
Types of Corporate Change	<ul style="list-style-type: none"> ● Vertical diversification 	<ul style="list-style-type: none"> ● New Market Creation 	<ul style="list-style-type: none"> ● Horizontal diversification ● Geographical diversification ● Continuous new product development 	<ul style="list-style-type: none"> ● Horizontal diversification
Change in Market	<ul style="list-style-type: none"> ● Existing customer's different need satisfaction 	<ul style="list-style-type: none"> ● New market based on new concept (Knowledge service of mold and parts integration) 	<ul style="list-style-type: none"> ● Main market penetration ● Global market 	<ul style="list-style-type: none"> ● Integration of related markets ● Accelerating globalization
Change in Technology & Products	<ul style="list-style-type: none"> ● Integrative manufacturing of mold and parts ● Mold tech. accumulation. 	<ul style="list-style-type: none"> ● Standardization of mold technology ● Know-how and knowledge database accumulation 	<ul style="list-style-type: none"> ● Core technology capability accumulation for market needs 	<ul style="list-style-type: none"> ● Crafting new technology into existing technology
Change in Strategy	<ul style="list-style-type: none"> ● MBO: Long-term strategic plan and execution 	<ul style="list-style-type: none"> ● Full-scale globalization 	<ul style="list-style-type: none"> ● Focus strategy ● ODM → building own brand 	<ul style="list-style-type: none"> ● Synergy with existing products ● Strategic alliance
Change in Organization & Resources	<ul style="list-style-type: none"> ● Parts division creation ● Fair reward 	<ul style="list-style-type: none"> ● Engineering division creation ● R&D Hub center ● ERP system 	<ul style="list-style-type: none"> ● Formal culture from informal culture ● Foreign division 	<ul style="list-style-type: none"> ● Delegation of CEO Power ● Business division organization structure

Table 3. Integration of Case Studies (Continued)

	Firm R		Firm V	
	R-1	R-2	V-1	V-2
Background and Motivation for Opportunity Search	<ul style="list-style-type: none"> ● Limit of existing industry(Bargaining power) ● Opportunity to use technological competence 	<ul style="list-style-type: none"> ● New market demand ● Lead on digital convergence trend 	<ul style="list-style-type: none"> ● CEO's strategic intent 	<ul style="list-style-type: none"> ● CEO's strategic intent ● Fierce Competition (China)
Sources of Opportunity	<ul style="list-style-type: none"> ● Internal technology competence ● Recognition of Industry and market 	<ul style="list-style-type: none"> ● Monitoring of market, competitor, customer ● Accumulated technological capability 	<ul style="list-style-type: none"> ● Accumulated technological capability 	<ul style="list-style-type: none"> ● Accumulated technological capability
Selection of Opportunity	<ul style="list-style-type: none"> ● Avoid competition 	<ul style="list-style-type: none"> ● New market growth 	<ul style="list-style-type: none"> ● Imitation to Innovation 	<ul style="list-style-type: none"> ● New product development
Types of Corporate Change	<ul style="list-style-type: none"> ● Backward vertical integration ● New product development 	<ul style="list-style-type: none"> ● Horizontal diversification (MP3CDP to Flash MP3) 	<ul style="list-style-type: none"> ● Backward vertical integration 	<ul style="list-style-type: none"> ● Vertical integration (Battery to Handsets)
Change in Market	<ul style="list-style-type: none"> ● Domestic & Global market ● End-product from S/W engineering product 	<ul style="list-style-type: none"> ● Immature market entry ● Accelerating globalization 	<ul style="list-style-type: none"> ● Niche market 	<ul style="list-style-type: none"> ● Growing market (Handsets industry)
Change in Technology & Products	<ul style="list-style-type: none"> ● New product development ● Manufacturing capability ● Innovative design 	<ul style="list-style-type: none"> ● Crafting new technology into existing capability 	<ul style="list-style-type: none"> ● New technology development 	<ul style="list-style-type: none"> ● New market entry ● Innovative new product development
Change in Strategy	<ul style="list-style-type: none"> ● From parts products to an end-product ● Differentiation strategy ● Branding strategy 	<ul style="list-style-type: none"> ● Strategic alliance 	<ul style="list-style-type: none"> ● Imitation to innovation 	<ul style="list-style-type: none"> ● New product development ● From industry
Change in Organization & Resources	<ul style="list-style-type: none"> ● Foreign direct investment ● Foreign manufacturing 	<ul style="list-style-type: none"> ● Culture reestablishment 	<ul style="list-style-type: none"> ● Focusing on R&D 	<ul style="list-style-type: none"> ● Focusing on R&D ● Marketing division expansion

From the case study, some key factors of successful opportunity identification and its realization are derived as follows:

- Pursuing strategic change and innovation through CEO's strong strategic intent and vision
- Making a great effort to find an opportunity, monitoring the industry and market based on long-term strategic plan, and generating new business opportunity through focused R&D with accumulated technology capability and innovation
- Business diversification from focused single product business, growing from niche market to mainstream market, from OEM/ODM to own brand building
- Great effort on global market diversification
- Changing the organization culture from entrepreneurial culture to formal structure
- Making an effort on giving rewards and incentives to the employees

6. Conclusions and Managerial Implications

6.1 Summary and Conclusions

Based on research framework and four case studies, this study analyzed opportunity identification and development process and identified some principles and lessons. First, the process of opportunity identification and development process can be explained by three stages – opportunity recognition, opportunity evaluation, and opportunity realization. Second, there are some principles or guidelines for the successful execution of each stage. Third, the change processes of case firms show differences as well as similarities. The decision rules or drivers of each opportunity stage are difficult to be generalized and need more extensive researches.

For the opportunity recognition stage, this study found some motives and triggers of opportunity identification. First, paradigm change leads new business opportunity. The change of consumer electronics markets from analog to digital has created new opportunities to Korean venture firms including firm H. Second, the high-tech venture firms should find new business opportunities in market changes rather than technological changes. Also it is observed that “trend read” is better strategy than “trend lead” especially for small firms. To read the right trend, they should have antennas to search or access the changing patterns of technology and market. Exhibitions, seminars, component markets are good examples of antenna. Third, in addition to market and technological changes, customers (especially large firms), and foreign partners can be good sources or triggers of new opportunities. Fourth, entrepreneurial alertness and prior knowledge are key drivers of opportunity recognition.

For the opportunity evaluation stage, this study identified some criteria of selecting business opportunities. First, maintaining and enhancing core technological competence is the key to secure competitive advantage. Therefore shifting to related businesses is one of necessary conditions for success. Second, leaning to the wind is better than creating the wind and the government policy can be a source of the wind. Therefore, substantially emerging market matched to future trend is good criterion for entry.

For the opportunity realization stage, this study suggested some principles of implementation and corporate change as follows:

- Change in market: Penetrate the mainstream market and utilize your own network.

- Change in product and technology: Differentiate products and maximize your core competence.
- Change in strategy: Clarify firm's vision and objectives and renew the vision every 10 years.
- Change in organization and resources: Motivate and reward employees and change company culture.

6.2 Implications and Limitations

This study will contribute in analyzing behavioral patterns of opportunity search and evaluation and bringing some managerial implications for sustainable growth through corporate changes. First, CEOs' assertive willingness is very needed for corporate change. Also the change should be strategic and continuous. Second, opportunity realization and corporate change can not be successful without accumulating technological capabilities. Such capabilities can be strong bases for new market creation and differentiation. Third, there are some signals to indicate the need for change (strategic inflection point) such as: stagnated sales, disappointing performance, technological breakthrough, entry of strong competitors, and failing to delineate the very near future. Fourth, deciding the direction for change and making changes in accord with the firm's core technological competence and market trend is another key issue. Finally, the manpower is the key ingredient of success, and fair evaluation and reward system, caring culture, and motivation and leadership is very required to promote corporate changes without disturbance.

This study is very exploratory and based on case studies. Therefore the findings can not necessarily be generalized. More extensive studies will be needed to answer the research questions of this study.

Bibliography

- Ardichvili, A., R. Cardozo and S. Ray (2003). "A Theory of Entrepreneurial Opportunity Identification and Development," *Journal of Business Venturing*, Vol.18, pp.105–123.
- Chiasson, M. and C. Saunders (2005). "Reconciling Diverse Approaches to Opportunity Research Using the Structuration Theory," *Journal of Business Venturing*, Vol.20, pp.747-767.
- Christensen, P., O Madsen, and R. Peterson (1989): "Opportunity Identification: The Contribution of Entrepreneurship to Strategic Management," Aarhus University Institute of Management, Denmark.
- Jack, S.L. and A.R. Anderson (2002). "The Effects of Embeddedness on the Entrepreneurial Process," *Journal of Business Venturing*, Vol.17, pp.467-487.
- Stevenson, H.H., M.J. Roberts and H.I. Grousbeck (1985): *New Business Ventures and the Entrepreneur*, Irwin, Homewood, IL.
- Timmons, J.A. and S. Spinelli (2003): *New Venture Creation: Entrepreneurship for the 21st Century*, Irwin, Burr Ridge, Illinois, 6th Edition.
- Venkataraman, S. (1997): "The Distinctive Domain of Entrepreneurship Research: An Editor's Perspective," In: Katz, J., Brockhaus, R. (Eds.), *Advances in Entrepreneurship, Firm Emergence, and Growth*, Vol.3, pp.119–138.