Massimo D'Angelillo

Entrepreneurial opportunities: recognition and development. The role of the Consultant

1. Entrepreneurship and opportunities

Identifying and selecting right opportunities for new businesses are among the most important qualities of the (a successful) entrepreneur. Opportunity recognition is one key factor of survival and success of a firm.

Opportunity is considered one of the most relevant aspects in entrepreneurship and several definitions of entrepreneurship tended to focus on the pursuit of opportunities.

Schumpeter (1934) defined opportunity as the chance to meet a market need through a creative combination of resources to deliver superior value.

Singh (2000) defined entrepreneurial opportunity as "a feasible, profit seeking potential venture that provides an innovative new product or service to the market, improves on an existing product/service or imitates a profitable product/service in less than saturated market."

Baron (2006) defined opportunity as "a perceived means of generating economic value (i.e. profit) that previously has not been exploited and is not currently being exploited by others", and opportunity recognition as "the cognitive process through which individuals conclude that they have identified an opportunity".

Therefore, explaining the discovery and development of opportunities is a key aspect of entrepreneurship research.

Shane and Venkataraman (2000) state that the field involves the study of sources of opportunities; the processes of discovery, evaluation and exploitation of opportunities; and the set of individuals who discover, evaluate and exploit them.

Timmons and Spinelli (1999) affirmed: "Entrepreneurship is a way of thinking, reasoning, and acting that is opportunity obsessed, holistic in approach, and leadership balanced for the purpose of value creation and capture. (…) At the heart of the process is the creation and/or recognition of opportunities, followed by the will and initiative to seize these op- portunities. It requires a willingness to take risks- both personal and financial-but in a very calculated fashion in order to constantly shift the odds of success, balancing the risk with the potential reward".

2. Opportunities in new firms or in existing firms

Opportunity exploitation does not necessarily lead to the founding of a new firm because it can take place within an existing organization (Casson 1982).

The creation of a new firm is more frequent when occur the following conditions:

- The sector presents low entry barriers (Audretsch,1995.
- Scale economies and learning curves do not provide significative advantages to existing firms (Cohen & Levin, 1989), but on the contrary technological "discontinuities" can destroy competence and know how (Tushman & Anderson, 1986).
- Opportunities do not require complementary assets not accessible to a small firm, for example complex commercial structures (Teece, l986).
- The technological innovation is more radical (Shane 2000).
- Opportunities are highly uncertain (Casson, 1982).
- Innovation cannot be adequately protected by intellectual property laws, inhibiting the sale of entrepreneurial opportunities (Cohen & Levin, 1989).
- The pursuit of entrepreneurial opportunity requires the effort of persons who prefer to establish new organizations to pursue the opportunities because they have not equivalent incentives to do the same in large organizations.

3. Entrepreneurs and managers

The difference between starting a new business and exploiting the opportunity in an existing firm is of crucial importance.

Kaish and Gilad affirmed that entrepreneurs are more alert to new opportunities and use information differently from managers. They in general expose themselves to more information which may lead to entrepreneurial opportunities and interpret the data differently from corporate executives (Kaish and Gilad, 1991).

Lowell Busenitz (1996) did not confirm these results. In his research Busenitz found little empirical evidence for Kaish and Gilad's theoretical framework.

One year later Ventakaraman (1997) noted that entrepreneurs spend more time than non-entrepreneurs in searching information that can lead to new opportunities because "by definition entrepreneurship requires making investments (time, effort, and money) today without knowing what the distribution of the returns will be tomorrow".

Others studies have suggested that what clearly differentiates the two groups are confidence, consideration of risk and committed connection to the venture.

Entrepreneurs' overconfidence contributes to the successes of their ventures (Kahneman & Lovallo, 1993; Busenitz and Barney, 1997; Palich and Bagby, 1996) as the fact that entrepreneurs ere more committed to their ventures and more identity-entwined with them.

4. Alertness

The great austrian economist Joseph Schumpeter (1934) was the first to introduce the notion that successful entrepreneurs discover opportunities that others do not see.

One decade after another austrian economist, Friedrich Hayek, argumented that entrepreneurship exists because of information asymmetry between different actors (Hayek, 1945).

In 1973 another economist from the Austrian school, Israel Kirzner (1973, 1979) elaborated the most comprehensive treatment of opportunity discovery in entrepreneurial behavior.

According to Kirzner's perspective, entrepreneurs start a new business when they think that is possible to redeploy the resources away from present, suboptimal configurations, toward more promising combinations.

Kirzner (1973) was then the first to use the term ''Alertness'' to explain the process of entrepreneurial recognition of opportunities. He defined Alertness as: "…the ability to notice - without search - opportunities that have been hitherto overlooked" (Kirzner, 1979).

Alertness is the entrepreneur's ability to "smell" new economic opportunities that no prior economic actor has yet recognized. Alertness is a sort of "antenna that permits recognition of gaps in the market that give little outward sign" and entrepreneurs always position themselves on the high ground where signals of market opportunities can more easily strike them (Gilad, 1986).

Higher Alertness increases the likelihood of an opportunity being recognized.

Some years later Soura Ray and Richard Cardozo (1996) developed the Kirznerian concept of Alertness. They claimed that any recognition of opportunity is preceeded by a state of heightened alertness to information, that they called Entrepreneurial Awareness (EA), defining it as ''a propensity to notice and be sensitive to information about objects, incidents, and patterns of behavior in the environment, with special sensitivity to maker and user problems, unmet needs and interests, and novel combinations of resources.''

Ray and Cardozo claimed that personality characteristics and the environment contribute to create conditions that foster higher EA.

The opposite of Alertness is "Inertia", that means that individuals take experiences for granted and interpret incoming information routinely. These individuals are locked up in old interpretation structures, old concepts and old institutions (De Bono,1992). In other words, they lack entrepreneurship.

The failure of being alert to an opportunity cannot be considered as an "error", as Kirzner (1979) argued, but reflects the operation of an ideological filter (Weick, 1995).

5. The Discovery Theory

Kirzner (1973) considers opportunity recognition a process of discovering something already formed.

In this sense Kirzner can be considered as the founder of the so-called "Discovery Theory": opportunities are events previously existing in the world, that could be, or not, discovered and exploited by entrepreneurs.

We all are surrounded by opportunities, but few people are able to do so because Alertness is not so frequent. According to Kirzner, opportunities are discovered by those who are conscious about environmental changes. "Opportunity is as real an ingredient in business as raw material, labour or finance but it only exists when you can see it" (De Bono, 1978).

But what stimulates and triggers entrepreneurial opportunities?

In 1985 the famous managerial strategist Peter Drucker (1985) related opportunity to innovation due to ”process need; changes in industry structure, the unexpected success, failure or an outside event, demographics, etc.”

Drucker defined different categories of opportunities, deriving from:

(l) unexpected events;

(2) the creation of new knowledge, consequent to the invention of new technologies;

(3) the exploitation of market inefficiencies that result from information asymmetry (in the sense used by Friedrich Hayek), across time and space;

(4) the reaction to shifts in the relative costs and benefits of different resources, as a consequence of political, regulatory, or demographic changes.

Like Kirzner, Drucker introduces opportunity recognition, but also decision-making, as second important ability of entrepreneurs.

Stevenson and Gumpert (1985) explained that opportunities do exist “out there” in environment when rapid changes intervene at four levels:

1. Technology (which opens new doors and closes others).

2. Consumer economics, which alters both the ability and willingness to pay for new products and services.

3. Social values, which define new styles and standards of living.

4. Political regulations, which affect modify competition (e.g. deregulation of airlines and telecommunications).

Particularly important is the role of technical change and of waves of innovation in stimulating entrepreneurial opportunities (Tushman and Anderson, 1986).

As further factors Vesper (1989) added “demographics, natural disasters and resource discoveries”.

Industry change may create a state of disequilibrium by altering the demand, entry barriers and production possibilities; the greater these changes occurring in industries the greater are the opportunities for entrepreneurship and subsequently new firm formations (Dean, Meyer & De Castro, 1992).

Baron (2006) concluded that “opportunities emerge from a complex pattern of changing conditions—changes in technology, economic, political, social, and demographic conditions. They come into existence at a given point in time because of a juxtaposition or confluence of conditions which did not exist previously but is now present”.

The duration of any given opportunity depends on a variety of factors:

- the provision of monopoly rights, as occurs with patent protection;
- the slowness of information diffusion;
- the inability of competitors to imitate.

6. Information and prior knowledge

The importance of information was already underlined by Hayek. Individuals all possess different stocks of information about user needs or specific aspects of production, and these stocks influence their ability to recognize particular opportunities.

The information necessary to recognize any given opportunity is not omogenously distributed across the population; no two people share the same information at the same time (Hayek, 1945).

Stocks of information create mental schemes, which provide a framework for recognizing new information.

To recognize an opportunity, an entrepreneur must possess prior information that is complementary with the new one, which triggers an entrepreneurial conjecture (Kaish and Gilad, 1991).

Having information, for example about technological, regulatory, or demographic changes, is the basis for identifying opportunities that emerge from these changes (Baron and Ensley, 2006).

In Scott Shane's view, opportunities exist objectively in the environment but they are discovered subjectively by entrepreneurs, through a proactive action. Specifically Shane underlines that any entrepreneur will discover only those opportunities related to his or her prior knowledge (Shane, 2000).

Shane demonstrated the following hypotheses*:*

- Any given entrepreneurial opportunity is not obvious to all potential entrepreneurs (Kirzner, 1997).
- Each person's prior experience creates a ''knowledge corridor'' that allows him/her to recognize only certain opportunities.

The concept of "knowledge corridor" was elaborated by Robert Ronstadt (1988). The Corridor Principle asserts that, just by starting a firm, entrepreneurs become aware of other startup opportunities they would not have seen nor taken advantage of if they had not established their original company.

Shane (2000) showed that knowledge, developed from experience, determines whether or not people are capable of identifying an opportunity. Prior knowledge creates a sort of mental corridor that influences the manner in which people do comprehend and interpret new information (Shane, 2000).

In Shane's view three major dimensions of prior knowledge, all affecting the dimension of Marketing, are important to the process of entrepreneurial discovery:

a. knowledge of markets,
b. knowledge of ways to serve markets,
c. knowledge of customer problems.

From another point of view Beatrice Sigrist (1999) suggested that there are two types of prior knowledge necessary to discover an opportunity.

The first is knowledge in an area or domain that can be described in terms of fascination (Domain 1). The stronger an entrepreneur's personal interest in Domain 1 the higher the Alertness. In this case an entrepreneur spends a lot of effort and time to engage in autodidactic learning that amplify her/his knowledge about this topic of interest.

The second type of knowledge individuated by Sigrist refers to the so-called Domain 2. In this case knowledge is the result of a rational choice, accumulated over the years, while working in a certain job.

Only the integration of the two domains leads to the discovery of a new opportunity.

Also Kirzner (1979) underlined the importance of the knowledge spontaneously absorbed from everyday life experience: individual's expectation, belief and awareness are largely "the result of learning experiences that occurred entirely without having been planned nor are they deliberately searched for".

Already Vesper (1989) argued that ideas may also be found from the specific area of personal interest and hobbies.

Information and knowledge gained from the deliberate search is an investment that often fails, as showed by the failures of R&D activities of a lot of companies.

In fact a deliberated search for knowledge presupposes that the individuals already possess a "framework" (Schutz 1970) and know what kind of information they want and where to acquire such information.

7. Discovery or Active Search?

Kirzner (1973) postulated that much opportunity recognition occurs without any planning.

Vesper distinguishes between ideas found through deliberate search and ideas encountered by 'unsought finding' (Serendipity) (Van Andel, 1994).

Koller (1988) reported that most entrepreneurs recognized, rather than sought the opportunities for their firms.

In her review, Gaglio (1997) finds empirical support for both routes. Although many entrepreneurs attribute the initial idea to "Serendipity", Gaglio notes that work experience often plays an important role.

Herron and Sapienza (1992) have considered opportunity recognition as resulting from an active and deliberate search undertaken by the entrepreneur.

Bhave (1994) suggested there were two types of opportunity recognition: one in which the decision to venture preceeds the recognition of an opportunity, and one in which the opportunity was 'discovered' prior to the decision to venture.

Fifty-four percent of most successful entrepreneurs admitted they did not actively search for an opportunity (Hills and Shrade, 1998).

8. The role of subjective factor: cognitive properties and individual Caracteristics

Information and prior knowledge are important but not exhaustive in explaining the discovery of entrepreneuricl opportunities. Cognitive properties have the same importance. People vary in their abilities to combine existing concepts and information into new ideas (Ward, Smith, & Vaid, I997).

Even if a person possesses the prior information necessary to discover an opportunity, he or she may be unable to see the new means-ends relationships that are generated by a given change. As

Nathan Rosenberg (1994) recalled, economic history is full of examples where genial inventors failed to see commercial opportunities (new meansends relationships) deriving from the invention of key technologies (telegraph, laser, etc.).

Sarasvathy, Simon, and Lave (1998) showed that successful entrepreneurs are individuals who see opportunities in situations in which other people tend to see only risks.

Baron (2006) found that entrepreneurs may be more likely than other persons to “connect the dots” to identify new business opportunities because they are less likely to engage in counterfactual thinking (i.e., less likely to invest time and effort imaging what "might have been" in a given situation), less likely to experience regret over missed opportunities, and are less susceptible to inertia.

People with greater need for achievement (McClelland, I96l) and more internal locus of control are more likely to exploit opportunities, because exploitation requires people to act in the face of skepticism of others (Chen, Greene, Crick, 1998).

Similarly, opportunity exploitation involves ambiguity, and people who have a greater “tolerance for ambiguity” may be more likely to exploit opportunities; for example, in a sample of small business entrepreneurs, founders will manifest higher ambiguity tolerance than non-founders. (Begley and Boyd, 1987).

Also Self-competition is an important factor in enhancing entrepreneurial alertness. Self-competition is defined by Khalil (1997) as “inter-temporal competition between future and past selves stemming from the desire of the present self to test self-ability”.

The decision of exploit entrepreneurial opportunities is also influenced by individual differences in optimism. People who exploit opportunities perceive their chances of success as much higher than they really are- and much higher than those of others in their industry (Cooper, Woo & Dunkelberg, 1989).

Studies by Krueger and Brazeal (1994) and show that entrepreneurial optimism is not related to optimism in the sense of higher risk taking, but to self-efficacy beliefs. “Perceived self-efficacy is the perceived personal ability to execute a target behaviour” (Krueger and Brazeal, 1994).

Guth et al. (1991) found that the entrepreneurs’ optimism was an ‘‘inside view’’ of the potential success of the venture, largely based on the entrepreneurs’ evaluations of their abilities and knowledge. When forced to take an outside view, entrepreneurs are more realistic in judging probable outcomes.

This overconfidence motivates the exploitation of opportunity by limiting information and motivating rosy forecasts of the future (Kahnemahn and Lovallo, 1993).

9. The importance of Networks

As Hills, G. E., Lumpkin, G. T., & Singh, R. P. (1997) have demonstrated, the denser is an entrepreneur’s network, the higher is his/her alertness to potentially successful entrepreneurial opportunities. These authors asserted that “entrepreneurs who have extended networks identify significantly more opportunities’’ than solo entrepreneurs.

These authors base their argument on Granovetter’s (1973) classical theory on the strength of weak ties. In Granovetter’s view weak ties (including casual acquaintances) are effective ‘‘bridges’’ to information sources, more effective than strong-tie network (including friends and family).

When a firm is established, co-operation with network partners may allow to cut costs, to respond to changes in the market and to learn from each other, creating sinergies (Saxenian, 1991).

Alice De Koning (1999) stated that entrepreneurial opportunity recognition is a cognitive process where entrepreneurs implement three cognitive activities (information gathering, thinking through talking, and resource assessing) through active interaction with their network of people.

She showed that entrepreneurs activate different types of contacts during different steps in the opportunity development process.

Their network is formed by:

- the entrepreneur’s inner circle (people with whom an entrepreneur has long-term and stable relationships, in any case not beeing partners in the venture);
- partnerships (start-up team members) and‘‘action set’’ (people recruited by the entrepreneur to provide necessary resources for the opportunity);
- a network of weak ties (a network used to gather general information that could lead to identifying an opportunity or to answering a general question).

10. The external environment

Social networks are only one part of the external environment of a firm. According to Long and McMullan (1984) the opportunity discovery process is also influenced by socio-economic, cultural, technological and political factors.

For example, the technological innovation of the Internet has inspired many entrepreneurs to start a business.

The environment provides a competitive context and a market where to sell products or services (Brown & Butler, 1995).

For example, an expanding economy may encourage new investments and stimulate people to search for new business ideas.

Some studies focus on the role of specific institutions like:

- universities,
- regional development agencies (Muller & Zenker, 2001),
- venture capitalists (Wetzel, 1983),
- incubators.

Exploitation of opportunities is more likely when entrepreneurs have easier access to financial capital or have access to capital at lower cost (Wiklund, 1998).

Many studies have focused on the entrepreneur’s access to intangible resources: “those soft resources which basically consist of knowledge or information” (Férnandez, Montes &Vázques, 2000).

Examples include information and advice (Ostgaard & Birley, 1996), emotional support (Brüderl & Preisendörfer, 1998), and social assets such as obligation, trust, gratitude and friendship (Starr and MacMillan,1990).

11. The Creation Theory

While according to Development Theory the opportunities are seen as events previously existing in the world, that could be, or not, discovered and exploited by entrepreneurs, in the so-called “Creation Theory” the Opportunities are considered as a creative process.

Timmons et alii (1987) were the first to affirm that "entrepreneurship is the process of creating and pursuing opportunities regardless of currently available resources." The entrepreneur first creates the opportunity in his/her mind and then convinces customers to use the idea by interacting with them.

Opportunity development is a continuous, proactive process essential to the formation of a business. ‘‘Opportunity development’’ is perhaps a more accurate term for the process than ‘‘opportunity recognition.’’

In this model, human creativity and potentials play a major role in opportunity creation and the environment forms after the entrepreneur's creative act. Opportunity is considered the result of daily activities of individuals and groups (Sarasvathy 2003).

In this approach, entrepreneur starts with very limited resources but a hopeful vision of the future.

In creation theories, entrepreneurs do not become aware of new business opportunities by recombining old and new information in new and innovative ways, but they create previously absent knowledge for activity. Then they receive market responses for these actions, learn from them and then act again.

12. Divergent Thinking and General Mental Ability (GMA)

Social cognition theory asserts that how people perceive the world and how they integrate information depends on the framework that people use to handle and give meaning to new information (Fiske & Taylor, 1984).

Research provides evidence for a link between entrepreneurs' creativity and firm-level innovation (Baron & Tang, 2011).

Opportunity identification requires specific creative abilities to combine various pieces of information to generate ideas for a new product or service (Shane & Venkataraman, 2000).

Divergent Thinking was defined as an individual’s general ability to generate multiple and original ideas (Guilford, 1950). In 1970 Edward De Bono spoke of “Lateral Thinking” (De Bono, 1970).

Scholars have suggested that different cognitive processes may underlie idea generation and consequently, they consider divergent thinking to be the end product of more specific cognitive processes, such as conceptual combination/reorganization, analogical reasoning, or abstraction (Mumford, 2003; Ward, 2007; Welling, 2007).

A core operation is the combination and reorganization of activated pieces of information. The mental merging of two concepts or pieces of information that had been previously separate – is central in the process of generating new and original ideas. “When two previously separate concepts or images are merged into a single new unit, novel properties can emerge that were not obviously present in either of the separate components, and that the effect is particularly strong for dissimilar or divergent concepts. Such novelty can be exploited to develop new product ideas or market niches. (Ward (2007).

In addition to Divergent Thinking, the entrepreneurship literature suggests that GMA (General Mental Ability) has a positive effect on opportunity identification. GMA is the cognitive ability to decompose and understand complex information, to derive conclusions, and to solve problems by reflecting and reasoning (as explained by Neisser et alii, 1996).

GMA is strongly related to the capabilities in interpreting the information, in ignoring irrelevant one and in formulating conjectures about how markets and future customer demands could change (Baron & Ward, 2004; Shane, 2000; Shane & Venkataraman, 2000).

13. Experience and Knowledge

Entrepreneurial experience comes from having owned and managed a business (Cooper et alii, 1995); it is also the basis for developing further entrepreneurial knowledge.

Many scholars have argued that experience is a major determinant of entrepreneurial skills and Firm Performance (Reuber & Fischer, 1999). A lot of studies provided evidence for a positive effect of entrepreneurial experience on opportunity identification (Davidsson & Honig, 2003).

The cognitive perspective on entrepreneurship suggests that people’s experience and knowledge influence opportunity identification because the comprehension and interpretation of new information is facilitated (R. K. Mitchell et al., 2007).

In the management literature, scholars have shown how knowledge and schemas influence problem solving, decision making, and information processing in various settings (Walsh, 1995).

Baron (2006) has reasoned that entrepreneurs develop through entrepreneurial experience effective knowledge structures that facilitate the recognition of patterns of business opportunities in new information. Information is not sufficient. Recognition of opportunities depends, in part, on cognitive structures possessed by individuals—frameworks developed through their previous life experience. These frameworks, which serve to organize information stored in memory in ways useful for the persons who possess them, serve as “templates” that enable specific individuals to perceive connections between seemingly unrelated changes or events. They provide the cognitive basis for “connecting the dots” into patterns suggestive of new business opportunities.

Baron and Ensley (2006) showed that experienced and inexperienced entrepreneurs differ in their mental concepts of a business opportunity. Having information, for example about technological, regulatory or demographic changes, is the basis for identifying opportunities that emerge from these changes. Entrepreneurial experience results in knowledge structures which help to detect opportunities in a given set of information; inexperienced entrepreneurs will miss these opportunities because they lack these knowledge structures.

It is important to note that experience does not necessarily lead to knowledge and that a learning process is always necessary to transfer experience into knowledge (Sonnentag, 1998).

In some cases entrepreneurial experience does not contribute to identifying new opportunities. Experienced entrepreneurs may easily fall into “mental routines” (Shepherd and DeTienne 2005) and have a fixedness in thinking which inhibits using and combining information in novel ways.

In these cases, experience can also limit entrepreneurs, being associated with stereotyped thinking, and discounting information that is not consistent with people’s existing preconceptions (Dane, 2010; Walsh, 1995; Ward, 2004).

For example, experience could direct entrepreneurs along existing paths, leading to discover only a limited number of new opportunities (Shane, 2000). being unreceptive for others.

Research has shown that experienced entrepreneurs discard new information and they are more likely to rely on past experience even when new perspectives are needed because of radically changing circumstances (Parker, 2006).

14. Information as input for creative performance

The creativity literature emphasizes the importance of divergent thinking in combination with informational input as necessary factors for creative performance.

Creativity is inhibited when the access to information is confined; on the contrary “exposure to ideas of others can stimulate associations that lead to the generation of additional ideas” (Perttula & Sipila, 2007). Entrepreneurs who search less actively for information and who have thus less information available would not be able to make full use of their divergent thinking abilities with detrimental effects on opportunity identification (Dimov, 2007).

Thus, active information search should provide the necessary input for subsequent steps of creatively piecing together the information to identify business opportunities (Mitchell et alii, 2002).

Baron (2006) affirms that potential entrepreneurs employ two different model of pattern recognition, represented (and processed) in different regions of the brain. The first model is formed by idealized prototypes, that are stored and processed in the left cerebral hemisphere (rational); the second is constituted by concrete exemplars based on specific knowledge are stored and processed in the right cerebral hemisphere (perceptive ctr).

15. Opportunity Maps and Consultancy in Genesis approach

That of Opportunity Maps (OM) is a technical tool that Genesis elaborated and implemented for the first time in 1993.

OM are sectoral or multisectoral analyses that try to individuate, at a local level, microsectors where could arise opportunities to create new firms. A significant exemplar of OM was that Genesis built in preparation of Catholic Jubilee held in Rome in 2000.

More specifically Genesis defines entrepreneurial opportunity as “a situation favourable to the starting up of a new entrepreneurial initiative, that is generated by modifications in the demand or of the supply of a product/service”.

Undoubtedly we can say that Opportunity Maps are built following an approach of “discovery” because opportunities are assumed to exist in the market, as a consequences of some objective change factors affecting Demand or Supply of goods and services:

- Demographic changes.
- Consumption trends.
- Technology.

- Changing in the organization of industries and public bodies.
- Political regulations, which affect competition.

In a certain sense we could say that OM try to stimulate “alertness” (in the sense of Kirzner) in potential entrepreneurs, or Entrepreneurial Awareness (in the sense of Ray and Cardozo).

In other words, OM try to produce information that could increase the likelihood of an opportunity being recognized, giving potential entrepreneurs prior information (in the sense of Kaish& Gilad, 1991).

Following Shane view (Shane, 2000) prior knowledge provided by Genesis Maps mainly concerns knowledge of markets and of customers’ needs and demands.

Nevertheless, Genesis activity in the domain of consultancy to new entrepreneurs made us conscious of the importance also of the subjective aspects of entrepreneurship. We concretely experienced the importance of personal traits in the development of a business project (vision of the future, creative abilities to combine various pieces of information, etc.).

In this sense in our experience the domain of Consultancy is largely in line with (aligned with/consistent with) the perspective of the “Creation Theory”.

We can identify at least six activities in which the consultant plays the proactive role of strengthening the process of generating new and original ideas and the formation of a new business.

In fact the consultant:

1. transfers his/her Entrepreneurial experience deriving from having owned and managed a business (Cooper et alii, 1995). In this sense the consultant influences the process of opportunity identification of the potential entrepreneur facilitating the interpretation of new information.
2. Encourages the potential entrepreneur to be “alert” and focus on on identifying changes in technology, demographics, markets, and other pertinent factors that play an important role in the success of a business.
3. Promotes an active information search, suggesting sources and methods to the potential entrepreneur. Particularly important is to change abilities and mentality of those would-be entrepreneurs that tend to search less actively for information and so to have less chances to identify business opportunities, lacking the necessary inputs.
4. Helps the potential entrepreneur in developing specific creative abilities to combine various pieces of information to generate ideas for new products or services. As we have seen, pure and single information is not sufficient enough, because people have to connect several pieces of information.
5. Helps the potential entrepreneur to develop the cognitive ability to decompose and understand complex information, to derive conclusions, and to solve problems by reflecting and reasoning about emerging opportunities and to formulate conjectures about how markets and future customer demands could change.
6. Stimulates creativity helping the would-be entrepreneur in generating multiple and original ideas, taking into consideration also “divergent” strategies (in the sense of Guilford, 1950).

References

1. Audretsch, D. B. (1995) Innovation and Industry Evolution Cambridge, MA: MIT Press.
2. Baron, R. A., (2006). Opportunity recognition as pattern Recognition. How Entrepreneurs “connect the Dots” to identify New Business Opportunities. Academy of Management Perspectives, 20(1), 104-119.
3. Baron, R. A., & Ensley, M. D. (2006). Opportunity recognition as the detection of meaningful patterns: Evidence from comparisons of novice and experienced entrepreneurs. Management Science, 52(9), 1331-1344.
4. Baron, R. A., & Tang, J. (2011). The role of entrepreneurs in firm-level innovation: Joint effects of positive affect, creativity, and environmental dynamism. Journal of Business Venturing, 26(1), 49-60.
5. Baron, R. A., & Ward, T. B. (2004). Expanding entrepreneurial cognition’s toolbox: Potential contributions from the field of cognitive science. Entrepreneurship Theory and Practice, 28(6), 553-573.
6. Begley, T. M. & Boyd, D. P. (1987) ‘Psychological characteristics associated with performance in entrepreneurial firms & smaller businesses’ Journal of Business Venturing (2)1: 79-93.
7. Bhave, Mahesh P. (1994). “A process model of entrepreneurial venture creation.” Journal of Business Venturing, 9, 223–242.
8. Brown, B. & Butler, J. E. (1995) ‘Competitors & allies: A study of entrepreneurial networks in the U. S. wine industry’ Journal of Small Business Management (33)3:57-66.
9. Brüderl, J. & Preisendörfer, P. (1998) ‘Network support & the success of newly founded businesses’ Small Business Economics (10)3: 213-225.
10. Busenitz, L.W. (1996). “Research on entrepreneurial alertness: Sampling, measurement and theoretical issues.” Journal of Small Business Management, 34(4), 35–44.
11. Busenitz, L.W. & J.B. Barney (1997). “Differences between entrepreneurs and managers in large organizations: Biases and heuristics in strategic decision-making.” Journal of Business Venturing, 12(1), 9–30.
12. Casson, M. C. (1982) The Entrepreneur: An Economic Theory Oxford: Martin Robertson.
13. Chen, C. C., Greene, P. G. & Crick, A. (1998) ‘Does entrepreneurial self-efficacy distinguish entrepreneurs from managers?’ Journal of Business Venturing (13)4: 295-316.
14. Cohen, W.M. and R.C. Levin (1989), "Empirical Studies of Innovation and Market Structure", in R. Schmalensee and R.D. Willig (eds), *Handbook of Industrial Organization*, Vol. II, Amsterdam: North-Holland.
15. Cooper, A. C., Woo, C. Y. & Dunkelberg, W. C. (1989) ‘Entrepreneurship & the initial size of firms’ Journal of Business Venturing (4)5: 317-332.
16. Cooper, A. C., Folta, T. B., & Woo, C. (1995). Entrepreneurial Information Search. Journal of Business Venturing, 10(2), 107-120.
17. Davidsson, P., & Honig, B. (2003). The role of social and human capital among nascent entrepreneurs. Journal of Business Venturing, 18(3), 301-331.
18. De Koning, A., Muzyka D.F. (1999) Conceptualising opportunity formation as a socio-cognitive process, Working Paper Series in Business Administration, n.13.
19. De Koning, A. (1999) Conceptualising opportunity formation as a socio-cognitive process Dissertation Fontainebleau: INSEAD.
20. Dean, T. J., Meyer, G. D. & Decastro, J. (1992) ‘Determinants of new-firm formations in manufacturing industries: industry dynamics, entry barriers, &organizational inertia’ Entrepreneurship Theory & Practice (17)2: 49-60.
21. De Bono E., Lateral Thinking: Creativity Step by Step, (1970), Harper & Row.
22. De Bono E., Opportunities : A handbook for business opportunity search (1978).
23. De Bono E., Serious Creativity: Using the Power of Lateral Thinking to Create New Ideas (1992).

24. Dimov, D. (2007). Beyond the single-person, single-insight attribution in understanding entrepreneurial opportunities. Entrepreneurship Theory and Practice, 31(5), 713-731.

25. Drucker, P.F., 1985. Innovation and Entrepreneurship: Practice and Principles. Harper & Row, New York.

26. Evans, D. & Leighton, L. (1989) ‘Some empirical aspects of Entrepreneurship’ American Economic Review (79)3: 519-535.

27. Everett, J. & Watson, J. (1998) ‘Small business failure and external risk factors’ Small Business Economics (11)4: 371-390.

28. Férnandez, E., Montes, J. M. & Vázquez, C. J. (2000) ‘Typology and strategic analysis of intangible resources: A resource-based approach’ Technovation (20)2: 81.

29. Gaglio, C. M. (1997). “Opportunity identification: Review, critique and suggested research directions.” In J. A. Katz (Ed.), Advances in Entrepreneurship, Firm Emergence, and Growth, 3, 119–138.

30. Gilad, B. (1986) “Entrepreneurial Decision Making: Some Behavioural Considerations.” In: Gilad, B. (ed.) Handbook of Behavioural Economics, JAI Press Inc

31. Granovetter, M., 1973. The strength of weak ties. Am. J. Sociol. 78 (6), 1360–1380.

32. Guilford, J. P. (1950). Creativity. American Psychologist, 5, 444-454.

33. Guth, W.D., Kumaraswamy, A., McEarlean, M., 1991. Cognition, enactment, and learning in the entrepreneurial process. In: Churchill, N.C., Bygrave, W.D., Covin, J.G. (Eds.), Frontiers of Entrepreneurship Research. Babson College, Babson Park, MA.

34. Hayek, F., 1945. The use of knowledge in society. Am. Econ. Rev. 35 (4), 519–530).

35. Herron, L. & Sapienza, H. J. (1992) ‘The entrepreneur and the initiation of new venture launch activities’ Entrepreneurship Theory & Practice (17)1: 49-55.

36. Hills, G. E. & Shrader, R. C. (1998) ‘Successful entrepreneur's insight into opportunity recognition’ in Reynolds, P. D. Frontiers of Entrepreneurship Research Wellesley, MA: Babson College 30-43.

37. Hills, G. E., Lumpkin, G. T. & Singh, R. P. (1997) ‘Opportunity recognition:perceptions and behaviors of entrepreneurs’ in Reynolds, P. D. Frontiers of Entrepreneurship Research Wellesley, MA: Babson College 168-182.

38. Kahneman, D. & Lovallo, D. (1993). “Timid choices and bold forecasts: A cognitive perspective on risk taking.” Management Science, 39(1):17–31.

39. Kaish, S. & B. Gilad (1991). “Characteristics of opportunities search of entrepreneurs versus executives: Sources, interests, general alertness.” Journal of Business Venturing, 6, 45–61.

40. Khalil, E. (1997) “Buridan’s Ass, Risk, Uncertainty and Self-competition:ATheory of Entrepreneurship.” Kyklos, 50(2): 147–163.

41. Kirzner, I. M. (1973) Competition and Entrepreneurship Chicago: University of Chicago Press.

42. Kirzner, I. M. (1979). Perception, Opportunity, and Profit. Chicago: University of Chicago Press.

43. Kirzner, I. (1997), Entrepreneurial discovery and the competitive market process: an Austrian approach. J. Econ. Lit. 35, 60–85.

44. Krueger, N.J., Brazeal, D.H., 1994. Entrepreneurial potential and potential entrepreneurs. Entrepreneurship Theory Pract. 19, 91–104.

45. Koller, R.H., 1988. On the source of entrepreneurial ideas. Frontiers of Entrepreneurship Research. Babson College, Wellesley, MA, 78–85.

46. Long, W., & McMullan, W. E. (1984). Mapping the new venture opportunity identification process. In J, A. Hornaday et al. (Eds.), Frontiers of entreprenentship research, Babson College.

47. McClelland, D. (1961) ‘The Achieving Society Princeton, NJ: Van Nostrand .

48. Muller, E. & Zenker, A. (2001) ‘Business services as actors of knowledge transformation: The role of KIBS in regional and national innovation systems’Research Policy (30)9: 1501-1516.

49. Mumford, M. D. (2003). Where have we been, where are we going? Taking stock in creativity research. *Creativity Research Journal*, 15(2-3), 107-120.

50. Neisser, U., Boodoo, G., Bouchard, T. J., Boykin, A. W., Brody, N., Ceci, S. J., Halpern, D. F., et al.

(1996). Intelligence: Knowns and unknowns. American Psychologist, 51(2), 77-101.

51. Ostgaard, T. A. & Birley, S. (1996) ‘New Venture Growth and Personal Networks’ Journal of Business Research (36)1: 37-50.
52. Palich, L.E. & D.R. Bagby (1995). “Using cognitive theory to explain entrepreneurial risk-taking: Challenging conventional wisdom.” *Journal of Business Venturing*, 10, 425–438.
53. Parker, S. C. (2006). Learning about the unknown: How fast do entrepreneurs adjust their beliefs? *Journal of Business Venturing*, 21(1), 1-26.
54. Perttula, M., & Sipila, P. (2007). The idea exposure paradigm in design idea generation. *Journal of Engineering Design*, 18(1), 93-102.
55. Reuber, A. R., & Fischer, E. M. (1999). Understanding The Consequences of Founders’ Experience. *Journal of Small Business Management*, 37(2), 30-45.
56. Ronstadt, R., 1988. The corridor principle. J. Bus. Venturing 1 (3), 31–40.
57. Rosenberg N. (1994) Exploring the Black Box: Technology, Economics, and History, Cambridge University Press, 1994.
58. Sarasvathy Saras D. (2003), Effectuation: elements of entrepreneurial Expertise.
59. Sarasvathy, D.K., Simon, H.A., & Lave, L. (1998). Perceiving and managing business risks: Differences between entrepreneurs and bankers. *Journal of Economic Behavior and Organization*, *33*(2), 207–225.
60. Saxenian, A. L. (1991) ‘The origins and dynamics of production networks in Silicon Valley’ Research Policy (20)5: 423-437.
61. Schutz, A. (1970) On Phenomenology and Social Relations. Chicago: The University of Chicago Press.
62. Schumpeter. (1934). The Theory of Economic Development: An Inquiry into Profits, Capital, Credit, Interest, and the Business Cycle. (R. Opie, Trans.) New Brunswick: Transaction Publishers.
63. Shane, S., & Venkataraman, S. (2000). The promise of entrepreneurship as a field of research. Academy of Management Review, 25(1), 217-226.
64. Shane, S. Prior knowledge and the discovery of entrepreneurial opportunities. Organization science, 2000, 11(4): 448-469.
65. Shepherd, D. A. & DeTienne, D. R. Prior Knowledge, potential financial reward, and opportunity identification. Entrepreneurship Theory and Practice, 2005, 29(1): 91-112.
66. Sigrist, B. (1999) ‘How do you recognize an entrepreneurial opportunity? Entrepreneurial opportunity recognition in a Swiss context PhD thesis University of Zurich Singh, R. P., Hills, G. E. & Lumpkin, G. T. (1999) ‘New venture ideas and entrepreneurial opportunities: Understanding the process of opportunity recognition’.
67. Sonnentag, S. (1998). Expertise in professional software design: A process study. Journal of Applied Psychology, 83(5), 703-715.
68. Ray, S., Cardozo, R., 1996. Sensitivity and creativity in entrepreneurial opportunity recognition: a framework for empirical investigation. Presented at the Sixth Global Entrepreneurship Research Conference, Imperial College,London.
69. Starr, J. E. & MacMillan, I. C. (1990) ‘Resource cooptation via social contracting: Resource acquisition strategies for new ventures’ Strategic Management Journal 11(Special Issue): 79-92. .
70. Stevenson, H. H. & Gumpert, D. E. (1985) ‘The heart of entrepreneurship’ *HarvardBusines s Review* (63)2: 85.
71. Teece, D.J. (l986), Profiting from technological innovation: Implications for integration, collaboration, licensing and public policy, 0048-7333/86/$3.50 ,© 1986, Elsevier Science Publishers B.V. (North-Holland)
72. Timmons, J.A., Muzyka, D.F., Stevenson, H.H., Bygrave, W.D., 1987. Opportunity recognition: the core of entrepreneurship. In: Churchill, N.C., et al. (Eds.), Frontiers of Entrepreneurship Research. Babson College, Wellesley, MA.
73. Timmons, J.A. (1989), *The Entrepreneurial Mind,* Andover, Mass., Brick House Publishing.
74. Timmons, J. A., Spinelli S. (1999). New venture creation. Entrepreneurship for the 21st century (5th ed.).

New York, IrwinMcGraw-Hill.

75. Tushman M.L., Anderson P. (1986). *Technological Discontinuities and Organizational Environment, Administrative Science Quarterly, Vol. 31, No. 3. (Sep., 1986), pp. 439-465.*

76. Van Andel, P. (1994) ‘Anatomy of the unsought finding. Serendipity: Origin, history, domains, traditions, appearances, patterns and programmability’ *British Journal for the Philosophy of Science* (45)2: 631-648.

77. Venkataraman, S. (1997), “The distinctive domain of entrepreneurship research.” In J. A. Katz (Ed.), *Advances in Entrepreneurship, Firm Emergence, and Growth*, 3, 119–138.

78. Vesper, K. H. (1989) *New Venture Strategies* Englewood Cliffs, NJ: Prentice-Hall.

79. Walsh, J. P. (1995). Managerial and organizational cognition: Notes from a trip down memory lane. Organization Science, 6(3), 280-321.

80. Ward, T. B. (2004). Cognition, creativity, and entrepreneurship. Journal of Business Venturing, 19(2), 173-188.

81. Ward, T. B., Smith, S. M., & Finke, R. A. (1999). Creative Cognition. In R. J. Sternberg (Ed.), Handbook of Creativity (pp. 189-212). Cambridge: Cambridge University Press.

82. Weick, Karl E. (1995). *Sensemaking in Organizations*. London: Sage Publications.

83. Welling, H. (2007). Four mental operations in creative cognition: The importance of abstraction. Creativity Research Journal, 19(2-3), 163-177.

84. Wetzel, W. E., Jr. (1983) ‘Angels and informal risk capital’ Sloan Management Review Summer: 23-34.

85. Wiklund, J. (1998) Small firm growth and performance: Entrepreneurship and beyond Jönköping International Business School.