

## Dynamics of New Venture Creation: A Case Study

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### Abstract

Literature on new venture creation raises a number of issues regarding the role of entrepreneurial personality and entrepreneurial climate on the growth of SMEs. Some of the earlier studies on entrepreneurship development in Singapore have commented on the lack of entrepreneurial spirit in Singaporeans. In recent years, Singapore government has taken steps to revamp its education system to promote innovation and creativity.

But the question remains: Is the problem in the lack of creativity or the entrepreneurial spirit among Singaporeans or is it due to the operating culture in Singapore? This case study documents an experiential history of three Singapore students attempting to translate their business idea into reality.

### Introduction

Singapore has achieved phenomenal economic success: low levels of inflation, high and sustained economic growth for almost three decades. This growth was made possible by the multinational corporations who have been the dominant players in Singapore's economy, particularly, in the manufacturing sector. However, one of the consequences of this MNC led growth was the relative decline of the SMEs. During 1970s there was a structural change in Singapore's economy and the contribution of SMEs to the GDP. In the aftermath of the recession of mid-1980's the policy makers were concerned that in the absence of internationally competitive domestic enterprises small economies like that of Singapore could become hostage to the global posturing of MNCs (Economic Development Board (EDB), 1990). The government, therefore, decided to accelerate the development of innovative and creative local enterprises by providing incentives and other support to local SMEs to grow and help insulate Singapore from external shocks (Zutshi, 1997).

There is a general refrain in Singapore that it does not have the critical mass of institutions to ferment the innovative process and that the country lags behind countries like Taiwan in Science and Technology (EDB, 1992) and in enterprise development. A number of reasons have been forwarded to explain this lack of enterprise development in Singapore. Enterprise supporting environments and innovative social contexts (Piore and Sabel, 1984) are necessary for promoting new venture formation. Specht (1993) refers to five main contextual factors; social, economic, political, infrastructure development and market emergence factors which have implications for enterprise formation. The policies and dearth of support for SMEs is forwarded as an important factor limiting growth of entrepreneurship in Singapore.

Personality factors and psychological traits also influence decisions regarding new venture creation (Reynolds, 1991; Stanworth, Blythe and Stanworth, 1989). Tertiary students in Singapore, it is argued, lack entrepreneurial spirit (Tan et. al., 1995) and the educational system in Singapore may be partly responsible for this. The skills and mindset required of an entrepreneur is very different from that of a corporate manager.

Tertiary business education in Singapore aims at equipping graduates with the skills and knowledge to work in a corporate environment and curbs their innovative faculties.

During the past 2 years, the government has therefore, initiated a major evaluation of the educational system to create a learning environment which would inculcate entrepreneurial spirit among the Singaporeans.

This case study is the story of three tertiary students and prospective entrepreneurs, as recorded by them. It narrates their experiences in search of a creative and implementable business concept to fulfill their desire to become entrepreneurs. Thus narrative captures the discoveries they made during the two years of their journey and the factors that influenced their course. It concludes with a reassessment of the new venture formation process in Singapore and presents a simple model to explain the role of contexts and the entrepreneurial education in the entrepreneurial process.

### **The Approach**

This paper is a documentation of the action research process. Entrepreneurship educators suggest that entrepreneurship education is best presented through the use of complementary methods (Carroll and College, 1993) and the action research which leads to independence of thought and action is a valid approach (Ronstadt, 1985; Sexlin and Upton, 1987).

Experience research is a method of research whereby the researcher undergoes the process to appreciate the problems and solutions that evolve, so that, criticisms could be made. The group adopted experience research because they believed that the best way of learning was by doing the real job. The group experienced for themselves the forces at play in the industry and how the social factors influenced the group's entrepreneurial spirit and morale. A considerable amount of the research was also activity-oriented. The group conducted trial tours to refine their new products and also to comprehend the operations of their intended business. Last but not least, a certain amount of research was based on content. It provided an opportunity to assess the educational process that the group had gone through and its influence on their entrepreneurial resolve.

### **Generating Business Ideas**

In Singapore the Civil Servants and professionals in the corporate sector enjoy not only status but also high incomes. In the listing of Who's Who of business in Singapore (Asia Inc., 1997), what stands out is the absence of entrepreneurs. For the university educated the opportunity cost of going into business is high as it means giving up excellent employment prospects. It is not surprising that a lower percentage of university graduates start businesses as compared to non-graduates.

Yet the Chinese families are supportive of their offsprings becoming entrepreneurs. Chinese community dominates businesses in East Asia (Zutshi, 1997). Families are not only the

bedrocks of the society but also of Chinese business (Chen, 1995; Drucker and Nakauchi, 1997). The social sector, primarily family and friends, played an important role in motivating and raising the group's morale as the people involved were emotionally close. The team benefited greatly in having a relative of one of the members of the group as a mentor. The group's mentor, who is an established entrepreneur, shared his experiences and provided insights into the entrepreneurial mindset and as a role model provided psychic support.

During their first year at the school, the group often talked about starting their own business and were on a lookout for business opportunities. By the end of the year, they started on a deliberate search to find out what is required to succeed in one's own business. In July 1997, one of the group members enrolled in "New Venture Creation" course offered at the University.

The first challenge was to come up with a good business idea. The group approached the process in a deliberate but unsystematic manner. Ideas were tossed around in informal brainstorming sessions. During these informal sessions new ideas emerged from existing ones. For example, the production of batik bed-sheets was discussed after the idea to go into batik apparel retailing was suggested. The group found these informal sessions useful because of the benefits of team creativity. Teams can generate creative ideas that may not exist in a single individual (Timmons, 1994).

Many business ideas were generated from the group's daily activities. The intention of the group to go into business also meant that the group was more alert to opportunities that came their way. Ideas continued to emerge even as old ideas were researched and worked upon. By early 1997 the group had gone through a number of ideas, reviewed them and selected some and discarded the others.

It was not by coincident that almost all of the group's business ideas were consumer businesses. It is probably because being young the group lacked experiences and networks. Singapore's meritocratic system puts great pressure on students to do well in exams to the exclusion of every thing else.

### **Developing the general business concept for each idea**

Harper (1991) suggests 3 mental approaches to opportunity identification. First, the market-gap approach whereby the entrepreneur lists the problems encountered in the marketplace and then attempts to convert these problems into business opportunities.

Second, the market area saturation approach involves exploring if there is room for another business based on existing industry density data. Third, the market-segmentation approach wherein the entrepreneur attempts to identify the customer segments whose needs are not being met. The group realized that they had intuitively applied these concepts, particularly, the market gap and the segmentation approach.

The structure provided by the entrepreneurship courses assisted the group in formalizing some of the things that had been doing intuitively. The courses also provided an opportunity to explore and think more about business. After generating business ideas, the group developed the concept for each idea. The objective of developing a business concept was to help think through the ideas thoroughly and decide on how to approach and capitalize on each potential business opportunity. It involved a level of investigation and analysis and the structure provided by the business program was not only utilized (Exhibit 1) but of great help.

## From Concept to Business Opportunity

An opportunity has the qualities of being attractive, durable, and timely and is anchored in a product or service which creates or add value for its buyer and end user (Timmons, 1994). But the venture should also generate significant profits, have growth potential and fit the personal goals and desired lifestyle of the entrepreneur. A four-step process was followed to short-list business opportunities:

- 1) Identify screening criteria
- 2) Access each business idea independently, based on criteria identified
- 3) Rank the business ideas
- 4) Based on the ranking decide on which project to pursue, Entrepreneurs rank opportunities in terms of personal preferences, financial worth, and risk (Harper, 1991). This approach was found useful but two other criteria were added to this list: market conditions and resources availability (Exhibit 2). Each business idea was researched and analyzed on key dimensions, such as, growth rate, projected sales and profit. However, finally one made a lot of assumptions and value judgements to quantify and generate figures.

After assessing the attractiveness of each business idea independently, the group proceeded to compare them. The business ideas were ranked on each criteria from the most attractive (rank of 1) to the least attractive (rank of 9) and the figures added together to get the final ranking (Table 1). Equal weights were assigned to all 5 criteria.

**Table 1** Ranking of Business Ideas

Business Idea	Financial Worthiness	Market Conditions	Financial Risk	Resource Availability	Personal Criteria	Total Sum	Final Ranking
Cycling Tours	7	2	1	1	3	14	2
Batik Apparel Retailing	9	7	3	2	5	26	4
Batik Bedsheet Production	5	8	4	4	6	27	5.5
Children Shoes Retailing	6	5	6	6	7	30	8
Marine Aquarium Services	8	9	5	8	8	38	9
Optical Retailing for Children	3	4	7	9	9	32	7
Kelong Restaurant	4	6	8	5	4	27	5.5
Industrial Fish Farming	1	1	9	7	1	19	3
Roast Chicken Takeaway Outlet	2	3	2	3	2	12	1

Three most attractive business ideas were short-listed:

- 1) Cycling Tours
- 2) Industrial Fish Farming
- 3) Roast Chicken Takeaway Outlet

Cycling Tour business offers a number of advantages; it is a low capital and low risk business and is relatively easy to start. But it has its drawbacks. First, since the entry barriers are low it is easy for competitors to offer similar services. Second it is dependent on the availability of tour-guides which again limits the growth potential.

However, considering that the group members are young with limited funds and experience, a simple business such as this one might be a good way to start and gain experience. A lot of entrepreneurs started their careers with very humble beginnings. Like the cycling tour business, the Roast Chicken business requires low capital and is easy to start. It has a slight advantage over the cycling business as it offers the prospects of growth through opening more outlets or by franchising. However, unlike the cycling tour business, there are already some competitors (BBQ Express and supermarket chains) offering similar product.

The industrial fish farming business has the hallmarks of a great opportunity. The business provides excellent profit and growth opportunities. There is a definite market as Singaporeans consumes \$1 billion of fish every year. Moreover, the government is trying to get investors to pump in \$200 million over the next 10 years to set up 40 deep-sea fish farms in local and regional waters. The Singapore government has plans to encourage locals to harvest 40% of Singapore's annual consumption of fish, a \$400 million industry. The estimated start-up cost is \$5 million for each farm. This is consistent with the fact that high return also means higher risks and higher capital outlay.

The value judgements, it was observed, were vital in the opportunity screening process. The ranking system added some objectivity by preventing the group from becoming emotionally attached to any idea without considering all the pros and cons. The ranking system would only assist in short-listing the more attractive ideas. Eventually, the entrepreneur must still depend on his gut feeling and take chances. The group decided to take their chances at venturing into the cycling tour business (milestone 1). Even as the group sets up its tour operator business, it will continue to research industrial fish farming which is an excellent long-term opportunity.

### **Cycling Tours- Business Plan**

Tourism is one of Singapore's most important exports. Tourism receipts accounted for an average of 9.21% of GDP and amounted to S\$11.7 billion in 1995. Singapore plans to draw 10 million visitors annually by year 2000. However, Singapore is maturing as a tourism-market and the high growth in visitor arrivals and tourism receipts it has seen in the past will be increasingly difficult to sustain in the long-term. This problem is exacerbated by its natural limitations, strong Singapore dollar and the intensifying competition from regional destinations. In the short term tourist arrivals have been badly affected by two factors, the haze and the Asian financial crisis which has reduced intra-regional travel.

Lately, the tourism industry has been highlighted in the media to be deficient in innovation and creativity. Many newspaper articles were written about the lack of creativity to tour packages, boring tour sites, dull tour guides etc. To sustain tourism growth, STB (Singapore Tourism Board) has tried to diversify its product offerings. To create a unique positioning in the region it decided to concentrate on the high-yielding niches such as MICE (meetings, incentives,

conventions and exhibitions) and cruise-market.

STB has also come up with the Tourism Unlimited theme to promote Singapore as the gateway to the region. STB has also set a new direction (Tourism 21 Plan) for the marketing of Singapore as a tourist destination. The "Singapore Revolution" was launched recently by STB and the group's cycling tours were marketed under the new-tours section.

### *Prototype Development Process*

In their effort to improve the tours, the group had been reading and consolidating information on the various places of interest. The appeal of the tours was first tested with backpackers and foreign exchange students in NTU and NUS. These two groups of proxy customer gave a relative good indication of the potential of the tours. The group's first trial in February 1997 with NTU foreign students was a morale booster (milestone 2). Their encouraging response propelled the group to research into the feasibility of the business.

The tours were test-marketed to backpackers in June 1997. The response received was lukewarm. The demand came in trickles and it ceased a few months later. The group believed that the backpackers were not representative of the tourism market as they tend to be extremely cost conscious. The group was discouraged initially but was determined to test market the tours widely.

Trial tours were conducted but response was mainly from students aged between 20-30 years. Since the tours were complementary it was not possible to test the real demand. The responses to the itinerary and the product concept was gathered. The response was encouraging. But given the small sample size, any demand projection could be misleading.

The business plan was completed in September 1997. As the group went on from the prototype to commercialization of the tours, the business plan had become outdated. Many assumptions that were made at the time of preparing the business plan had changed. Initially, the group intended to enter the industry as an independent tour operator handling the operational as well as the marketing aspects of our tours.

### **Commercialization Process**

Had the group relied on the demand from the backpackers as a benchmark, the tours would not have reached the commercialization stage. Given our limited experience, test marketing was important to determine the level of acceptance of the new tours.

For the group, good responses would not only confirm the result, but also propel the group into developing other creative tour packages. To undertake a test-market under operating conditions the group needed a license. The group also realized that the government regulations will be a major obstacle for the group's entry into the tourism industry. The stringent requirements of setting up a travel agency dampen the group's spirit.

It was decided to approach Singapore Tourism Board (STB) for help. A letter by the group's supervisor assisted the group in meeting the officers of STB and get (milestone 4) their ideas across to the authorities. The STB could not grant any exemptions for the group to test market the new tours. The rules had to be followed.

But STB was receptive to the group's ideas on cycling tours. STB had been trying to coax the tour operators to develop new tours and suggested that the group tie-up with a license travel agent for this project. They also advised us to explore walking tours as well.

The group had previously talked to some friends in the tourism industry and discussed alliance with Wu Feng Travel. They evinced interest but nothing came out of it. However, things changed quickly in October 1997, when STB initiated a dialogue with an independent travel agent (Reliance Travel) who expressed their interest in meeting the group (milestone 5). The group could make use of Reliance's travel agent license to launch tours. STB was also very supportive. It arranged training stints for the group with other tour agents sponsored by STB. Moreover, STB decided to include these tours in their S\$6m Singapore Revolution Project to market Singapore internationally. This strengthened Reliance Tours resolve to work with the group and provided additional channels of distribution were opened up.

Reliance was the only travel agent that the group had negotiated with. It is difficult to comment on the relative benefits Reliance provided to the group. The absolute benefits include access to Reliance's established distribution channels, the absorption of the marketing cost and tapping of Reliance's expertise and experience. But since proposals were not made to other agents in the industry these benefits cannot be compared to what other travel agents would offer. It was in the interest of the group to discuss with other travel agents. However, being a new entrant in a mature travel industry, the group had relatively little bargaining power.

Among the terms of the offer, Reliance requested exclusivity for two years. The group could not provide similar services to other travel agents. All marketing channels had to pass through Reliance. In addition, Reliance asked for a two-year commitment from the group regardless of the response of the new tours. The new tours had to be offered and operated during this period. This was an added risk the group had to accept.

## **Discussion**

Are Singaporeans lacking in entrepreneurial spirit? This paper has made an attempt to go beyond the confines of empirical studies on personality and motivations of Singapore entrepreneurs, and traced the context and the process of venture creation in Singapore. This experiential study has helped reexamine the barriers and pitfalls that separate entrepreneurial intentionality from its manifestation in the form of a new venture.

The entrepreneurial process requires the entrepreneurs to navigate a difficult terrain whereas they have to be ready to leap over the entry barriers. The process involves stepwise progression into different stages which are represented in Figure 1.

### *Resolution - Stage I*

At this stage, the entrepreneur sees the venture as a personal goal. The immediate environment - family, friends, mentors - play a crucial role in strengthening the resolve. Many entrepreneurs find support in their families, friends and mentors. This support can be crucial as entrepreneurs face tremendous pressures and uncertainty in their business ventures. In the context of Chinese businesses, the social sector is a powerful force that can work for or against the spirit of entrepreneurship. Families with a history of entrepreneurship tend to be more supportive emotionally. They can also contribute by helping to raise the capital outlay. Employed spouses can add to financial stability in case of business failure.

However, parents can also dampen the entrepreneurial spirit as some feel uncomfortable when their children give up secure and well-paid jobs for an entrepreneurial career. For example, the group member's families expressed reservation initially about the commercial viability of their business idea but their attitudes changed after the group gathered support from STB and Reliance Travel.

The group also observed that the entrepreneur spirit was higher in the team as compared to a lone entrepreneur. Synergy in a team developed through the exchange of ideas and consolidation of skills. By working together as a team, the group members complemented one another and over a long period of time, a sense of camaraderie developed. Hence, the mutual support provided by members within the team was crucial to the success of the venture.

A number of restraining factors also operate at this stage. Entrepreneurial success is dependent on a number of other factors, such as, availability of venture financing, support system and the entrepreneurial climate in the country. This study suggest that Singapore's socio-economic system places a restraint on entrepreneurs. The Chinese immigrant community of Singapore has been inherently entrepreneurial and there is latent family support for business. The government also recognizes that the environmental conditioning rather than the lack of innovative abilities may therefore, be the major force of restraint, and it requires a mental leap. An entrepreneurial rather than corporate mindset could become an agent of exposure and play a structural role in creating and widening market opportunity for innovation (Green and Lewis, 1997).

Conversely, it could also play a constrictive role in deterring the process of innovation. Mental Leap The Impetus



Figure 1: Stages of New Venture Development

### *Entrepreneurship Education*

Does entrepreneurship education make a difference? NTU and NUS are currently offering some undergraduate modules related to entrepreneurship. Entrepreneurship taught on a project basis will enable students to get hands on experience in trying to apply what they learnt in class. Lecturers in general have been very supportive when their students come out to them with their business ideas. In July 1997, when the lecturer accepted the group's proposal for research, it was a critical milestone, since they could now get academic credit and at the same time pursue the idea to commercialization. The support from the group's supervisor, greatly improved their morale, especially at the initial stages when the group had not gathered support from STB and Reliance.

The group also gained useful knowledge from reviewing literature related to entrepreneurship, venture creation, new product development. Many of the models and theories needed modification when applied to the real world. Nevertheless, literature review provided the group with guidelines and a theoretical framework. In general, tertiary education, support from our lecturers and related literature had been helpful in bringing the group closer to their entrepreneurial dreams

### *The Impetus*

It was only in December 1997 that the strategic alliance between Reliance Travel and CBT Adventure Services took shape, after a meeting with Reliance's executive director, Ms Yvonne Low. The group could now ride on Reliance Travel's travel agent license. The strategic alliance with Reliance Travel meant that the group only had to take care of the operational aspects of the tour while Reliance Travel would handle the marketing and booking of tours. The partnership with Reliance Travel slashed the group's costs and capital outlay and many changes had to be made to the financial projections. The partnership between Reliance Travel and the group significantly simplify the group's start up process. The new tours were first marketed to the public in January 1998 during the ATF held in Cebu, Philippines (milestone 7). The tours would be commencing in July 1998 rather than November 1998, as was initially projected in the overall project schedule.

Reliance Travel's objective of co-operating with the group was to establish and enhance its position in the inbound travel market. They hope the new products can create awareness and generate publicity for their company. In return, the marketing cost and effort will be borne by Reliance Travel. With the assistance of Reliance Travel, the group's interest was aroused and dreams became reality. The group started to move away from the conceptualization and planning stage and towards the commercialization stage. The entrepreneur spirit was revived when the group was rewarded for their effort and enthusiasm. The reward came in the form of time saving and cost reduction from what the group had originally provided for in the planning stage. The group also had the opportunity of utilizing the various marketing channels established by Reliance Travel over the years.

### **Conclusion**

Innovation is increasingly promoted as an answer to Singapore's future. But product innovation is a high-risk strategy. A survey conducted by Product Development and Management Association, United States in 1991 suggested that for every 11 serious ideas and concepts, 3 enter development, 1.3 are launched and only 1 succeeds. The failure rate of new product introductions has been placed in the range of 25% to 45%. Crawford (1990) found that the true failure rate was about 35%.

In the travel industry, the government has been playing an active role in encouraging and developing new tours. About 20 major operators had revamped their tours in response to STB's Singapore Revolution campaign launched in August 1997. STB worked with them on new tour concepts and helped them come up with fresh themes and scripts. Yet there is more to new venture creation than merely supporting innovation.

There might be a general notion that many successful entrepreneurs were fortunate in meeting the right opportunities. After going through the process, the group believed that it was not a simple case of being at the right place at the right time. Many entrepreneurs, including the group, constantly and deliberately looked out for opportunities. Questions like "what will sell?" and "how can I improve the business?" often surfaced. The entrepreneurs would make attempts to widen their network of friends and asked people for ideas and opinions with regard to business opportunities. In other words, the group believed that opportunities would not usually come to one unless one put oneself in the position to receive it.

The group's experience has demonstrated that it was difficult to follow the business plan when

it came to actual execution. Hence, the business planning and analysis stage should be viewed as an ongoing process rather than a one-time effort. It should continue during the prototype development as well as the commercialization stage. A detailed business plan could be written once the basic assumptions become certain. A draft of the business plan should be sufficient at the initial stages.

It could be seen here that the government sector acted as both a filter and a facilitator in the tourism industry. Ideas were screened and supported only if they fell within the government's guidelines.

**Exhibit 1 General Business Concepts for Each Business Idea**

Business Idea	Product/ service concept	Target market	Technical expertise required	Critical resources (infrastructure) required	Suppliers	Location/ ambience
Cycling Tours	Cycling tours within Singapore designed to be participative, adventurous, low cost and without frills. We want to provide tourists with tours that allow them to break away from standard tourist attractions such as theme parks.	FII (free and independent travellers) especially the young and more adventurous tourists	Licensed tour guides	Bicycles; utility vehicle to store and transport bicycles; marketing support from Singapore Tourism Board and existing travel agents, local knowledge		No frills office space in a suburban location which offers lower rent
Batik Apparel Retailing	Retail a wide range of low to mid price batik apparel such as sarongs, blouses, skirts, dresses and shorts plus some secondary products such as batik bags, tablecloths and souvenirs.	Predominantly female clientele particularly teenagers and young working women		Retail Shop, supplier network	Batik Suppliers from Yogarkarta in Central Java or Bali	Rustic, authentic and Javanese ambience. Shop should be in a popular shopping centre such as Bugis Junction or Tampines Mall. Temporary stalls can be set up at Clarke Quay flea market, River Hongbao bazaar or trade fairs in tertiary institutions.
Batik Bedsheet Production	Producing batik bedsheets to supply to departmental stores and home furnishing marts. We will go for younger, bolder and more colourful designs instead of traditional batik prints.	Teenagers, yuppies and young people such as hostelites in universities	Batik garment producers	Access to factory space, distribution network, delivery van, network to potential garment producers	Batik apparel producers in Java to which we will subcontract out our manufacturing operations	Rented premises in a suburban location which will be used as an office and a storage area.

Business Idea	Product/ service concept	Target market	Technical expertise required	Critical resources (infrastructure) required	Suppliers	Location/ ambience
Children Shoes Retailing	Concept shop which retail a wide range of both high and low end children footwear.	Families with young children		Retail shop, supplier network	Footwear manufacturers from Hong Kong and China	Shop should be located in a popular suburban shopping centre where many young families frequent.
Marine Aquarium Services	Provide a full range of marine aquarium services; retail aquarium supplies, equipment and DIY kits for marine fish hobbyists.	Pet fish lovers, in particular marine hobbyists and higher income pet fish owners.	Marine fish and aquarium expertise	Retail Shop, technical equipment, supplier network, delivery van	Local aquarium supplies and equipment distributors	Suburban shopping centre where there are no aquarium shops; Shop should be near to upper middle to high income residential areas
Children Optical Retailing	Concept shop which will retail a comprehensive range of children eyewear and eyecare products.	Families with children below fourteen	Optician	Retail Shop, supplier network	American and European optical products manufacturers	Shop should be located in a popular suburban shopping centre where many young families frequent.
Kelong Restaurant	Concept restaurant on a Kelong (linked to shore with a wooden gangway) serving up market western cuisine	Tourists, business people, yuppies	Cooks	Kelong (either built or acquired), government license, logistical support, STB support		The ambience will be rustic, romantic and relaxing. The kelong will be open-air and breezy, located off the shore of a scenic location such as Sentosa beach.

<b>Business Idea</b>	<b>Product/ service concept</b>	<b>Target market</b>	<b>Technical expertise required</b>	<b>Critical resources (infrastructure) required</b>	<b>Suppliers</b>	<b>Location/ ambience</b>
Industrial Fish Farming	Large scale, high technology (e.g. the Polar Circle Technique from Norway), deep sea fish farming producing fish such as sea bass, promfret, red snapper.	Local consumption	PPD and foreign consultants	Farm, equipment, government license, vessel, delivery truck, supplier network	Fish flies (juvenile fish) can be sourced from Taiwan or Singapore.	PPD has shortlisted 40 potential sites for the setting up of industrial fish farming in the waters around Singapore, Riau Islands, Bintan and Batam.
Roast Chicken Takeaway Outlets	A takeaway outlet selling BBQ meats such as roast chicken, ribs and sausages in ready to eat packaging.	Families with no time to cook, singles and teenagers		Shop premises, oven, delivery vehicle, good recipe		The takeaway outlet should be in a place with heavy pedestrian traffic such as a busy street corner in a suburban town centre.

**Exhibit 2: Criteria for ranking the attractiveness of each business opportunity**

Criteria	Highest Potential	Lowest Potential
<b>1)Financial worthiness</b>		
Profit potential	<ul style="list-style-type: none"> <li>ROI of 30% or more</li> <li>High value added</li> <li>&gt;\$20000/ month for each partner</li> </ul>	<ul style="list-style-type: none"> <li>ROI of &lt; than 15%</li> <li>Low value added</li> <li>&lt;\$5000/ month for each partner</li> </ul>
Growth potential	<ul style="list-style-type: none"> <li>Annual growth at 30-50% or more</li> <li>Product that can be exported or service which can be franchised</li> </ul>	<ul style="list-style-type: none"> <li>Contracting or less than 10%/ year</li> <li>Confined to local market</li> </ul>
<b>2)Market conditions</b>		
Market size	<ul style="list-style-type: none"> <li>&gt;\$100 million to \$1 billion sales potential</li> </ul>	<ul style="list-style-type: none"> <li>Unknown, less than \$15 million or multibillion sales</li> </ul>
Market demand	<ul style="list-style-type: none"> <li>Certain demand</li> <li>Clearly Identified target market</li> </ul>	<ul style="list-style-type: none"> <li>Highly uncertain demand</li> <li>Target market cannot be clearly identified</li> </ul>
Market competition	<ul style="list-style-type: none"> <li>Imperfect, fragmented competition or emerging industry</li> <li>No existing competitor offering the same product/ service</li> </ul>	<ul style="list-style-type: none"> <li>Market is saturated with competitors</li> <li>Stiff competition with price undercutting</li> </ul>
<b>3)Financial risk</b>		
Capital outlay	<ul style="list-style-type: none"> <li>&lt; \$20 000</li> <li>Minimal purchased of fixed or illiquid assets</li> </ul>	<ul style="list-style-type: none"> <li>&gt; \$500 000</li> <li>High sunk costs, extensive acquisition of fixed /illiquid assets</li> </ul>
<b>4)Resource availability</b>		
Technical expertise	<ul style="list-style-type: none"> <li>All technical expertise are internally available</li> </ul>	<ul style="list-style-type: none"> <li>Technical expertise need to be acquired</li> </ul>
Critical resources	<ul style="list-style-type: none"> <li>Licenses, distribution and supplier networks, equipment, premises are easily obtainable</li> </ul>	<ul style="list-style-type: none"> <li>Critical resources are very difficult or very expensive to obtain</li> </ul>
<b>5)Personal criteria</b>		

Entrepreneur's preference	<ul style="list-style-type: none"> <li>Business fit the personal goals and the desired lifestyle of the partners</li> <li>All partners are very enthusiastic and motivated about starting the business</li> <li>Business matches the strengths and personalities of the partners</li> </ul>	<ul style="list-style-type: none"> <li>Mismatch between the business and the personal goals and preferences of the partners</li> <li>Lack of interest or reservations expressed by some partners</li> <li>Mismatch between the business and the strength and personalities of the partners</li> </ul>
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## Chronology of Events - June 1996 to April 1998

<i>Date</i>	<i>Milestone</i>	<i>Events</i>
June, 1996	<b>1</b>	Source for business ideas by talking to people and reading relevant articles. <b>Cycling Tour idea emerged</b>
December, 1996		Developed the product and service concept of the cycling tours.
January, 1997 and February, 1997	<b>2</b>	Developed preliminary prototype of the selected idea (tour routes). <b>Tested the prototype on NTU foreign exchange students.</b>
May, 1997		Find out about the requirements of a tour operator in Singapore (required information found at STB).  Identified competitors and similar products by collecting respective brochures from tour desks at hotels and travel agencies.
June, 1997		Marketed cycling tours to backpackers located in the Beach Road and Bencoolen Street areas for further testing.  Promotion by distributing pamphlets in Orchard Road area.
July, 1997	<b>3</b>	<b>Confirmation of the subject of our research project – Commercialisation of a new business idea.</b>
August, 1997		A letter was written, with the endorsement of FYP supervisor Dr Ravinder Zuztshi, to the Chief Executive of STB. The purpose was to convey the group's idea and, hence, secure a meeting with the relevant authority.
September, 1997	<b>4</b>	<b>First meeting with Singapore Tourism Board (STB).</b>  Continued information search of the tourism industry from local tour agencies.
September, 1997 to October, 1997		Carried out the business feasibility study.  Commenced and completed Business Plan for the cycling tour business.
October, 1997	<b>5</b>	<b>Second meeting with STB who arranged a joint meeting with Reliance Travel who was meeting the</b>

		<p><b>group for the first time</b></p> <p>Exchange of ideas with Reliance Travel with regards to strategic alliances and test-marketing.</p>
November, 1997		<p>Prepared the business proposal for the 2 tours (City Heritage Bike Tour and Rustic Charm of the East).</p> <p>Test-run of the selected routes.</p> <p>Did literature search and prepared the script and commentary for the tours.</p> <p>Searched and secured insurance coverage from AXA Insurers through Anothla Insurance Brokers.</p> <p>Attended tours (Heartland Tour and Spirit of New Asia Tour) sponsored by STB. The purpose was to learn how tour guides conducted tours.</p>
November 24, 1997		<p>Second joint meeting with STB and Reliance Travel. Meeting included a presentation of 2 tours.</p>
Late November, 1997		<p>Refinement of the tour routes following the suggestions of STB and Reliance Travel.</p> <p>Preparation of second presentation.</p> <p>Designed brochures for marketing purposes.</p> <p>Compiled a pictorial album to be used as a presentation aid during the tour.</p>
December 11, 1997	6	<p><b>Third meeting with Reliance Travel (without STB). which marks the start of long term business relationship</b></p>
December 24, 1997		<p>Fourth meeting with Reliance Travel.</p> <p>Registered as a partnership at the ROC (Registry of Companies) under the business name CBT Adventure Services. This was to facilitate administration purposes.</p>
January 9 to 15, 1998	7	<p><b>Reliance participated in the Asian Travel Fair in Cebu, Philippines where the two tours were marketed.</b></p>
January 20, 1998		<p>Reliance Travel was approached by Asia Travel (a travel magazine) for a write-up on the new cycling tours.</p>

		STB decided to include us in the new tours section as they embark on their S\$6 million Singapore Revolution project to market Singapore internationally.
February 3, 1998		The group was interviewed via telephone by Straits Times reporter, Rav Dhaliwal.  A photograph session was carried out by Straits Times photographer, Lilian.  Fifth meeting with Reliance Travel.
April 22 to 25, 1998		Marketing of the product at the Pacific Asia Travel Association(PATA) Travel Mart to be held at Suntec City.

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