Chapter VI

NTC Co.:
Seeking and Screening Technological Venture Opportunities in Entrepreneurial Start-Ups

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Abstract

This case illustrates in a holistic way the different components that affect the recognition of the technological venture opportunity environment, attributes that characterize technology-based entrepreneurs, type of organization created and of technology for the construction of a venture-and the interactions that occur among those components, and which ultimately result in the market innovation. These factors linked to the successful creation of technology-based ventures justify that cases contributed by emerging firms are more revealing and illustrative than those of already consolidated
firms, that is, intrapreneurship. In large corporations, variables such as previously accumulated organizational knowledge and the corporate culture itself may have a negative impact upon their ability to recognize the future value of these ventures. For those reasons, NTC, an emerging business, offers a clear example of how the interaction of the entrepreneur, technology, and the accumulation of experience and knowledge interact to give rise to a technology-based venture.

Theoretical Basis for the Study

There is broad consensus, both in the literature and in the practice followed by entrepreneurs, on the sequence of the process of venture creation. The process begins with the search for an idea, followed by a rigorous screening of the idea, which gives rise to a venture plan that is implemented once the business has been started up. However, that agreement on the phases of the process does not extend to the norms and standards that the entrepreneur uses in each of those phases (Morse & Mitchell, 2006). In effect, the entrepreneur’s experience in the venture creation, culture, and socio-cultural background, as well as the entrepreneur’s personality traits, all determine the ways in which the entrepreneur carries out the process (Sarasvathy, 2001). In the particular case that concerns us, we can add the specificities of technological businesses, which include some special and significant circumstances due to the complexity and dynamism of this sector that is defined as a truly entrepreneurial environment (Park, 2005).

The proposed case is in the initial phase of the previously mentioned formal venture creation process: in other words, in the stage of seeking the idea for the venture. This stage, which is closely linked to opportunity recognition, has been the object of great interest in the classic entrepreneurship literature. Kizner (1973) was the first to use the term “alertness” to explain entrepreneurial recognition of opportunities. In that respect, and irrespective of whether recognition of opportunity is preceded by a systematic search for available opportunities or is due to an accidental discovery, recognition will depend on the entrepreneur’s previous knowledge. More specifically, an entrepreneurial alert signal is activated when the entrepreneur notices information that is related to information that is already known (Ardichvili, Cardozo, & Rays, 2003).

However, according to Park (2005), the literature’s interest in deciphering the aspects that determine the recognition of a successful idea has focused on the key components of that process and the later development of an innovation in the market; for example, the entrepreneur, the organization, the environment, or the actual process of firm creation (Arenius & De Clercq, 2005; Brockhaus, 1982; Gartner, 1985; Lee & Tsang, 2001; Robinson, Stimpson, Huefner, & Hunt, 1991; Shapero &
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