

NEW ENTRY

One of the essential acts of entrepreneurship is new entry. New entry refers to (1) offering a new product to an established or new market, (2) offering an established product to a new market, or (3) creating a new organization (regardless of whether the product or the market is new to competitors or customers). Whether associated with a new product, a new market, and/or a new organization, “newness” is like a double-edged sword. On the one hand, newness represents something rare, which can help differentiate a firm from its competitors. On the other hand, newness creates a number of challenges for entrepreneurs. For example, newness can increase entrepreneurs’ uncertainty over the value of a new product and place a greater strain on the resources necessary for successful exploitation.

Entrepreneurial strategy represents the set of decisions, actions, and reactions that first generate, and then exploit over time, a new entry in a way that maximizes the benefits of newness and minimizes its costs.

An entrepreneurial strategy has three key stages: (1) the generation of a new entry opportunity, (2) the exploitation of a new entry opportunity, and (3) a feedback loop from the culmination of a new entry generation and exploitation back to stage 1. The generation of a new entry is the result of a combination of knowledge and other resources into a bundle that its creators hope will be valuable, rare, and difficult for others to imitate. If the decision is that the new entry is sufficiently attractive that it warrants exploitation, then firm performance is dependent upon the entry strategy; the risk reduction strategy; the way the firm is organized; and the competence of the entrepreneur, management team, and the firm.

Hisrich, PhD, Robert D., Michael P. Peters, PhD and Dean A. Shepherd, PhD. Entrepreneurship. 6 ed. New York: McGraw-Hill Irwin, 2005.