



# Market opportunity choice- a profound decision



## Why?

### 1) Shapes your chances of success

Market opportunities differ in their attractiveness.

Hence, pursuing a promising option provides the fertile ground for growing your business

Which markets to play in?

So you may wonder why is it important to create an opportunity set. You know why not only identify one opportunity and exploit that one. We call the segment look before you leap because we want to exactly point out to you why this is so important. So if you think about opportunities markets that you want to enter. If you identify only one market opportunity you're basically stuck with the kind of features this market offers to you if you identify a set of opportunities you actually have a strategic choice set of market opportunities. What does this mean? This means very concretely that markets come in different sizes and different growth trajectory et cetera et cetera, some are very contested some are less contested. So some of these markets out there just provide more fertile ground for your venture to growing. You know it's like planting a little seed into the soil, you don't do this. You don't plant the seed in any type of soil. Know you want to plant it in a type of soil that allows to nourish the plant and exactly that mindset should be present with an entrepreneur as well. You know why should you go into the harshly contested are, while there's more forthcoming types of areas that you could create your benches in them.

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Summary



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## Why?

### 2) The decision is imprinting

The markets you pursue will shape many aspects of the venture, such as its identity, its culture, its employees etc.

These have long-term impact and will not be easy to un-do.

Which markets to play in?

And the second important reason might be less obvious. You know the second important reason is that this early decision in which area you create your own, your venture in actually imprints your venture in a very fundamental way. Why is this the case? This is because the type of market you're going to choose has a lot of implications for other set of decisions within your bench. Just think about the type of brand name that you're going to see. Just think about the type of resources you're going to develop the types of relationship with outside players and also the employees you're going to hire. These employees have are interested in your firm because you are working in a particular area. So if you have a firm that is actually active in the household good industry think about refrigerators. This type of forum is a very different nature than a firm that would cater for instance to the aerospace industry. So ultimately this choice of market opportunity has this fundamental effect on imprinting the type of organization you're going to create when you put both reasons together. The first reason that the market actually provides less than more or less fertile ground to you.

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## Why?

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And the second reason that you know you have the strong imprinting effect of this is that this is one decision when you combine those Linnets, I think it's clear that this early states decision in entrepreneurship and in innovation management is actually a decision that is quite far reaching. But if you look at the textbooks out there typically these textbooks assume that you have already identified a good opportunity until you very well how are you going to exploit that opportunity without really questioning whether there might be more important better import or better opportunities out there.

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# Identifying market opportunities is a difficult task



Identifying new market opportunities is one of the most fundamental, yet oftentimes also most difficult steps.

➡ The history of technological progress is rife with examples in which inventors failed to see important market opportunities arising from their new technologies—from the telegraph to the laser.

Which markets to play in?

This activity of identifying market opportunity is actually not a trivial one. And the history of technological progress is full of examples where innovators had a hard time identifying the best opportunities out there and it took sometimes decades to see the best application now. So why not try to, to shorten the time and be really good. And seeing these applications from the outside so that you can pick the best market opportunity for yourself.

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# Market Opportunity Set- Why?

Creating a *choice set of market opportunities* enables you to:

**Choose the most attractive option**

Don't waste your time with possibly inferior opportunities

**Unleash the power of multiple opportunities to enhance your agility**

Keep open potential growth and backup options, to avoid lock-in

Which markets to play in?

Based on what I just said I think it's almost becomes obvious now why the generation of a market opportunity set is so important. Let me just point this out to you. First it's of course about choosing the most attractive option, not all market opportunities are Alike, that's a lot of heterogeneity and you want to be smart entrepreneur and enter an area where you have the best chances for growing your ventures over time. But the second option might again be less obvious. And to think about it when you see multiple opportunities what does this do to your venture. What does this do to you in your head.

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# Market Opportunity Set- Why?



Which markets to play in?

It says OK I have seen multiple opportunities some of these opportunities might be for better options. You know so I might enter this market but opportunity two and three they are Plan B and Plan C for me. So I have this fallback option these fallback options plans. Or you could say if the first market should work out, I have these other markets that I can enter as future growth options but about having this broader perspective on firm growth this is allowing you to create a venture that is more agile that it's more flexible over time actually to get into these other domains. Again think about the brand name which is like the one of the most obvious or interesting sums on this front. The brand that you're going to choose can be focused very much on this one market. Do you see where it can be chosen so that it could fit the other market domains so that once you create your venture you can more nimbly more in a more edgy way move into these other domains and don't have to rebrand your company because these other domains actually fit the overall print. A similar example can be made with the technology that you are developing.

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# Some research insights



Source: Look Before You Leap.

ns/ Gruber, MacMillan & Thompson

Which markets to play in?

You can develop that technology more in a more Modula fashion, meaning that you are able to reconfigure it for quicker and more efficient entry into these other elements. The bottom line is that you are creating a company that is much more agile. If you have that type of foresight. These insights are partly based on research I've been doing together with two colleagues from the Wharton School of the University of Pennsylvania. You see pictured here to the left in McMillon and in the center it's my colleague Tommy Thompson and we, we did a study on 80 Technology Ventures and we called the study look before you leap market opportunity edification in technology ventures. We found two interesting insights that led to some of the findings that are based.

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# Some research insights



A study of over 80 technology start-ups found two main insights:

First, serial entrepreneurs have learned to generate a choice set of market opportunities before deciding which opportunity to pursue initially.

Second, entrepreneurs can derive key performance benefits from the identification of a market opportunity choice set.

Source: Look Before You Leap: Market

Gruber, MacMillan & Thompson

Which markets to play in?

The book is based on this move is based on, number one what we have seen this that serial entrepreneurs those who have done it. Done entrepreneurship repeatedly created firms not only once but multiple times they actually assemble an opportunity set while the novice once the people who are doing the first venture typically jump at the first opportunity. We have seen another interesting insight in this study. Let those who create an opportunity set those who look at multiple opportunities. Those entrepreneurs can derive significant performance benefits from this activity. Why is this the case. This relates back to what I just explained. This is because these people can choose a better option. More fertile ground. And these people, these entrepreneurs can actually create companies that are more agile that can maneuver between different opportunities in a more nimble and flexible way.

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# Look before you leap

Don't fall in love with your initial idea...

**A Market Opportunity Set is  
a true asset for your firm!**



h markets to play in?

So some big picture don't fall too quickly in love with your idea. Look what's out there. That might be better opportunities that allow you to grow your venture in a much more ambitious compelling way. So look before you leap and I'm going to show you the next few segments how you can actually do this.

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