

Our goal for this week



At the end of this week you will be able to:

- ✓ Estimate the value creation potential of a market opportunity
- ✓ Estimate the value capture challenge of a market opportunity
- ✓ Map your opportunities on the Attractiveness Map

Which markets to play in?



Hello and welcome back to our introduction of week 3. In this video, we will go over the main goals for this week and present the attractiveness map in a nutshell. At the end of this week, you'll be able to rate each market opportunity based on two overarching dimensions- the potential of the opportunity, and the challenge in capturing its value. As a result of this scoring process, you'll be able to map your options in a matrix that includes both dimensions which we term the attractiveness map so that you can visually grasp their value and easily compare them with each other.

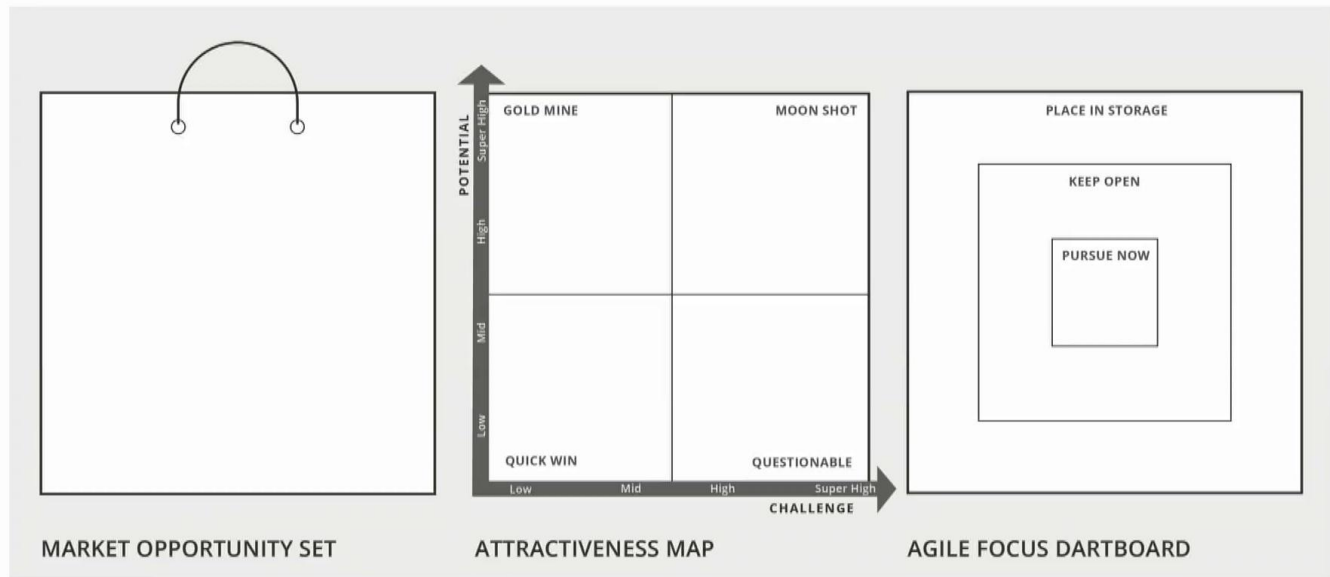
Notes

Summary



0m 04s

The Market Opportunity Navigator- 2nd step



Which markets to play in?

The attractiveness map is the second step of the navigator, following the generation of a market opportunity set. This map is your guide to understand the very nature of each individual opportunity in itself, but also to understand your set of opportunities as a whole. Let's examine the attractiveness map in more details.

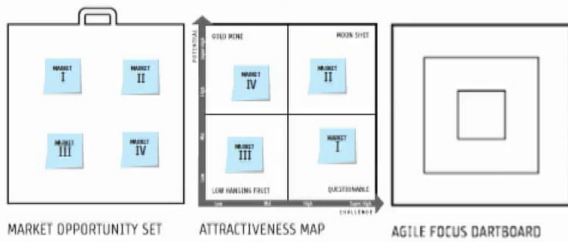
Notes

Summary



0m 43s

The Attractiveness Map



How is it done?

You assess the attractiveness of potential market opportunities by evaluating their value creation potential and value creation challenge. You rate each option on both dimensions and then can locate it on the map.

Which markets to play in?

Because market opportunities can vastly differ in their attractiveness you need to clearly understand their value. The attractiveness map allows you to visually depict the evaluation of your market opportunities so you can better grasp their upsides and downsides and compare them with each other. Now, why is it necessary? This visualization helps you in determining your most valuable options at a given point in time, of course so that you can make an informed decision about your primary market opportunity- one that relies less on intuition or that suffers less from the biases that we all have. So how is this done? As mentioned before, the attractiveness of a possible market opportunity is based on their value creation potential and on the challenge in capturing this value hence the y-axis of this map is the potential dimension and the x-axis is the challenge dimension. The rating of each opportunity on both dimensions result in its location on the map. Eventually, the map is divided into four main zones based on the level of potential and the level of challenge.

Notes

Summary

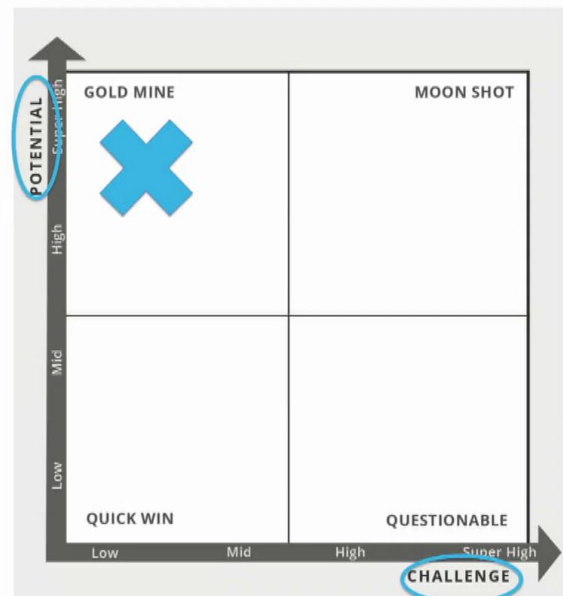


1m 05s

An attractive Market Opportunity

Potential: how BIG is this opportunity? Is it at all worth pursuing? And if so, how much value can we create if we choose this path?

Challenge: which obstacles lie ahead of us if we decide to pursue this opportunity? What are our main challenges and risks? How difficult will it be to overcome them and conquer this opportunity?



Which markets to play in?

So, let's examine the axis of the attractiveness map more closely. What is potential mean? It looks at how big is this opportunity. Is it at all worth pursuing and if so how much value can we create if we choose this path. What does challenge mean? It looks at which obstacles lie ahead of us. If we decide to pursue this option, what will be our main risks and how difficult will it be to overcome them and conquer this opportunity. Overall, the most attractive market opportunity is one that will likely produce significant potential for value creation, and that poses relatively few challenges in capturing that value.

Notes

Summary



2m 22s

Worksheet 2 will guide you through this process

2

WORKSHEET 2

MARKET OPPORTUNITY EVALUATION

NAME

DATE

Use this worksheet for every market opportunity you would like to evaluate.

Market Opportunity:

POTENTIAL

LOW MID HIGH SUPER HIGH

COMPELLING REASON TO BUY
 Unmet need
 Effective solution
 Better than current solutions

LOW MID HIGH SUPER HIGH

MARKET VOLUME
 Current market size
 Expected growth

LOW MID HIGH SUPER HIGH

ECONOMIC VIABILITY
 Margins (value vs. cost)
 Customers' ability to pay
 Customer stickiness

LOW MID HIGH SUPER HIGH

OVERALL POTENTIAL

CHALLENGE

LOW MID HIGH SUPER HIGH

IMPLEMENTATION OBSTACLES
 Product development difficulties
 Sales and distribution difficulties
 Funding challenges

LOW MID HIGH SUPER HIGH

TIME TO REVENUE
 Development time
 Time between product and market readiness
 Length of sale cycle

LOW MID HIGH SUPER HIGH

EXTERNAL RISKS
 Competitive threat
 3rd party dependencies
 Barriers to adoption

LOW MID HIGH SUPER HIGH

OVERALL CHALLENGE

Use the overall ratings to situate each market opportunity on the Attractiveness Map.

© Copyright 2016 by Sharon Tai and Marc Gruber.

All rights reserved. This material may not be reproduced

Which markets to play in?

To evaluate each market opportunity in a structured and clear manner, we've designed a worksheet that will guide you through this process. The left column refers to the potential of an opportunity. As you will see later on this week, this dimension is comprised of three factors: how compelling is your offering to the target customers, how large is your market, and how logical is it to address it from an economical perspective. Once you rate each of these factors you can estimate the overall potential of a market opportunity ranging from low to super high. The right column refers to the challenge dimension once again this dimension is comprised of three factors: your implementation obstacles, the time until money starts flowing back, and the risks associated with your business environment. After you rate each of these factors you can estimate the overall challenge of a market opportunity, ranging from low to super high. During this week, we will show you how to use worksheet 2 and benefit from its structured process.

Notes

Summary

3m 08s

Week 3 - How to evaluate your market opportunities

6 of 9

The main take-aways from this step

- Its a learning process: ask the most important questions before making a critical decision
- Figure out the main assumptions that still need to be validated
- Use Worksheet 2 & Attractiveness Map to facilitate team discussion
- Key Benefit: The ability to drill down and to see the big picture at the same time



play in?

Overall, the outcome of this task and the scoring of your options has great value for any business owner that wants to choose smartly which markets to play in. Yet, the process in and of itself is beneficial as well. First and foremost, this is a learning process. It enables you to ask the most important questions before making such a critical decision. So, even if you are not sure about the exact score that you should assign to the different factors, you can rest assured that you have not missed any important consideration. Moreover, use this comprehensive checklist to figure out what are your main assumptions that still need to be validated and which action items are most appropriate to do so. Furthermore, worksheet 2 provides a great basis for team discussion, either with your peers or with your stakeholders. These discussions bring different perspectives to the table and will facilitate your understanding so eventually you will get a better sense of your alternatives and become more sensitive to the upsides and the downsides of each market opportunity. Lastly, the attractiveness map that will be derived from worksheet 2 provides the big picture, and allows you to better understand the relative assessment of your options from a bird's eye perspective.

Notes

Summary



4m 24s

The main take-aways from this step

- Its a learning process: ask the most important questions before making a critical decision
- Figure out the main assumptions that still need to be validated
- Use Worksheet 2 & Attractiveness Map to facilitate team discussion
- Key Benefit: The ability to drill down and to see the big picture at the same time



This dual ability to drill down on a specific opportunity and to see the big picture at the same time, is of key importance for setting a promising strategy.

Notes

Summary



6m 06s



Next we discuss key insights
on the learning process,
before we dive into the details
of Worksheet 2

Which markets to play in?

So just before we dive into the details of how to evaluate the potential and the challenge of a market opportunity, let's examine few important insights about the learning process that underlies this step.

Notes

Summary



6m 18s