

Evaluating a Market Opportunity



Which markets to play in?

Hello and welcome back to our introduction of week 3. Before we dive into the details of worksheet 2 and the attractiveness map, we want to present to you some important insights about the learning journey which underlies the evaluation process. In fact, the evaluation that you will perform for each market opportunity is one of the most important learning processes in entrepreneurship and innovation. So take the time to adequately perform this learning. Research and study together all the knowledge that you can before you make the fundamental decision of which market to enter with your company. In short, we urge you to adopt a learning mindset.

Notes

Summary



0m 04s

Adopt a learning mindset

Be systematic

Turn hypotheses into
knowledge

Get used to
uncertainty



markets to play in?

Here's what that means- first of all try to be systematic in your learning. In fact, a structured evaluation process like the one offered in worksheet 2 makes sure that you will not overlook key issues. It helps you to be consistent throughout so that you can compare your options based on the same set of considerations. Next, strive to turn your hypothesis into knowledge. A learning process usually begins with hypothesis or beliefs that you have about an opportunity that you want to analyse. Yet a valid evaluation should not be based on beliefs. Try to turn your critical assumptions into knowledge as you progress through the evaluation and the scoring process. Perform desk research, and make sure to go out of the building and talk with customers and market experts. If feasible, conduct some small experiments with customers as methods such as design thinking and Lean Startup suggest. Lastly, get used to uncertainty. Uncertainty is normal when bringing innovation to the marketplace. As systematic and thorough as you may want to be, you still cannot focus the future. You will have known unknowns but also unknown unknowns. Yet don't let this foggy stop you from performing your evaluation.

Notes

Summary



0m 47s

Adopt a learning mindset

Be systematic

Turn hypotheses into
knowledge

Get used to
uncertainty



Which markets to play in?

Try gathering the most critical information and validate it as much as you can before making a decision, and just as important, update your evaluation once new data becomes available. This is exactly why the Navigator is designed to be a companion for your learning journey- a dynamic tool that helps you to navigate over time.

Notes

Summary



2m 17s

What you need to learn

Before you can get to the actual scoring of your options based on their Potential and their Challenge:



2

Learn about your Business

Environment

Understand the value chain

Know your competitors



Which markets to play in?

Surely there is some homework to accomplish before you can get to the actual scoring of your options based on their potential and their challenge. First and foremost you need to learn about your customers' world. A well-known saying suggests that if you're going to be good at fishing, you've got to learn to think like a fish. In other words, putting yourself in the shoes of your customers is critical for understanding the essence of your market opportunity. What is the value proposition that you bring to your customers? What pain are you addressing, and why is your offer better than current solutions? What do these customers value and what important trends influence them? Without a clear understanding of these questions your evaluation will be of limited value. Next, you will need to learn about your business environment. Because many other players could influence your chances of success, you need to understand your playground very well. To be able to evaluate a market opportunity, you will first need to understand the value chain of this market. The value chain means the string of companies or players that work together to satisfy the market demand for a given product.

Notes

Summary



2m 42s

What you need to learn

Before you can get to the actual scoring of your options based on their Potential and their Challenge:



3

Understand your key implementation milestones

what you still need to develop in order to create and deliver your product



markets to play in?

You will need to understand where you will fit in this value chain, who could stand in your way, and who has an incentive to collaborate with you. In fact, innovative ideas often break existing value chains and change them completely. Think about Apple iTunes as an example. So a comprehensive understanding of all the relevant players is absolutely critical. In addition you must also understand who could be your competitors in this market, what do they offer, how would they react, and do you have a strong, perhaps even unfair competitive advantage over them. Last but not least, you need to understand your key milestones on the road to implementation. You will have to examine your own resources and capabilities. What do you already have and what do you still need to develop, in order to create your product and to deliver it to the market. This may include the technological know-how that you need to develop, the human capital that is needed for that, the required intellectual property, possible allies and partners that can help you, and of course the necessary financial resources.

Notes

Summary



3m 57s

Sources for Learning

Desk research:



- ✓ Google analytics and Google trends
- ✓ Market studies
- ✓ Competitors annual reports
- ✓ Government information
- ✓ And more...

Which markets to play in?

But how do you go about learning all this. Well, there are actually two types of sources- the first is desk research- anything you can grasp from surfing the web. You can look at Google Analytics and Google Trends to identify key interests of potential customers, and to check for demand signals. You can look for existing market studies done by analysts and market research firms. You can pin down competitors and examine their annual reports or search for official information from government resources. In short, anything that can help you in building a clearer picture about your business opportunity.

Notes

Summary



5m 10s

Get out of the building:



- ✓ Target Customers: Personal Interviews & surveys
- ✓ Trade shows
- ✓ conferences
- ✓ Market experts
- ✓ And more...

Which markets to play in?

But desk research is of course not enough. You must go out of the building and face your market to be able to truly understand it. First and foremost, you must talk to your target customers to understand what they need and how they go about solving their problems today. In fact, it is not about what you think, it's about what your customers think- what they say, and even more importantly, what they do, that will determine the demand for your offering. So go out of the building and talk about your market opportunity with as many potential customers as possible. Although this is sometimes the most difficult task for entrepreneurs, and definitely out of their comfort zone, make sure not to skip it. Other than that, you can gather tons of information from attending relevant trade shows and conferences, or from talking to some experts and thought leaders in your market.

Notes

Summary



5m 52s

How to Score your Opportunities?



For each factor that contributes to the Potential or to the Challenge of an opportunity :

- ✓ Gather all the information that you can beforehand
- ✓ Combine your qualitative and quantitative insights
- ✓ Strive to be as objective as possible
- ✓ Encourage team discussions

Which markets to play in?

Once you are done with your market research, it is time to score the potential and the challenge of your market opportunities, ranging from low to super high. So let's take a moment to discuss this process. For each factor that contributes to the potential, or to the challenge of an opportunity. Try to gather all the information that you can beforehand so that you can base your evaluation on a proven knowledge instead of beliefs. Combine your qualitative and quantitative insights as you determine your score and also strive to be as objective as possible. Don't use the market opportunity navigator to simply rationalize your intuition. Of course, team discussions will greatly help you in this process. Use the framework and the language that it provides to discuss your analysis with peers and stakeholders. It will enrich your reasoning and will help you to avoid any biases that might tilt your analysis into the wrong direction.

Notes

Summary



6m 57s

Don't get frustrated about scoring

Remember that the overall goal is to understand the main upsides and downsides of each opportunity

You can also refine your scoring over time, as you learn more about each option

Overall, this process will help you to recognize the patterns and to distinguish between your options, to reveal your most promising opportunity

Which markets to play in?

Despite all this, don't get too frustrated if you feel that your scoring is not yet accurate. Remember that the overall goal is not scoring in itself but understanding the main upsides and downsides of your option. You can also refine your scoring over time as you learn more about each option separately and relatively to others. As we mentioned previously this is exactly why we designed the Navigator to be an ongoing companion. Overall, scoring the potential and the challenge of your opportunities will help you to recognize the patterns and to distinguish between your options so that your most promising strategic path becomes feasible.

Notes

Summary



7m 58s

Summary



Take time to research and study, and to gather all the knowledge you can, before you make the fundamental decision of which market(s) to play in.

Adopt a learning mindset AND accept uncertainty

Which markets to play in?



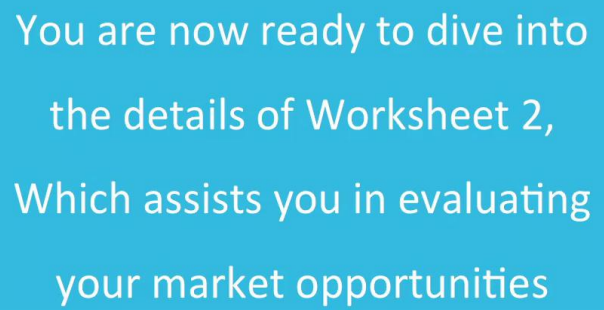
To summarize, take time to research and study, and to gather all the knowledge that you can before you make the fundamental decision of which markets to enter with your company. Adopt the right mindset for that and remember that as rigorous as you may be, uncertainty is always part of this game. So while our framework urges you to collect comprehensive data before setting your strategy, we also urge you to stop at some reasonable point. Uncertainty can never really fade completely. Be prepared to base your decision on an informed and educated intuition rather than on a complete set of data. In fact the fine line between under and over analysis is a bit elusive, so you should be aware of it.

Notes

Summary



8m 44s



Finally you are now ready to dive into the details of worksheet two for evaluating your market opportunities.

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Summary



