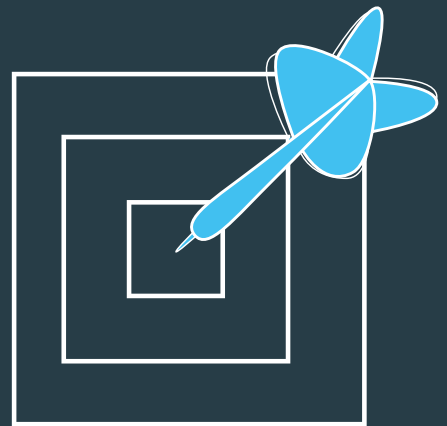
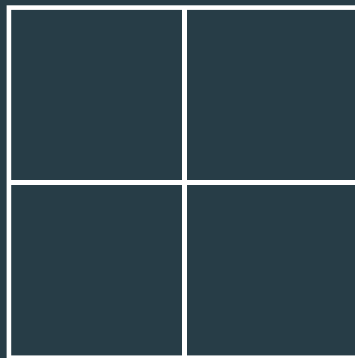


WHERE TO PLAY

**3 STEPS FOR DISCOVERING
YOUR MOST VALUABLE
MARKET OPPORTUNITIES**



Marc Gruber and Sharon Tal

'Enjoy discovering highly practical worksheets, maps and dartboards of tremendous interest to better identify, evaluate and strategise market opportunities.'

Alex Osterwalder and Yves Pigneur, authors of the bestseller *Business Model Generation*

What others say about this book

'Designed to work seamlessly with our Business Model and Value Proposition Canvases, the Market Opportunity Navigator, proposed by Marc and Sharon, will help entrepreneurs and innovators to commercialise technologies. You will enjoy discovering highly practical worksheets, maps and dartboards of tremendous interest if you want to better identify, evaluate and strategise market opportunities. Let yourself be charmed by the toolkit and the case studies, along with the thoughts of Marc and Sharon.'

Alex Osterwalder and Yves Pigneur, authors of the bestseller *Business Model Generation*

'When two internationally-known experts in entrepreneurship write a "how to" book on market opportunities for entrepreneurs, it is bound to be a very valuable book indeed. Marc Gruber and Sharon Tal have created just the right book for first-time and experienced entrepreneurs. It contains both step-by-step plans and very valuable tips on identifying market opportunities – an invaluable complement to both the Lean Start-up Process and the Business Model Canvas!'

Eric von Hippel, T. Wilson Professor of Innovation, MIT Sloan School of Management

'From entrepreneurship thought leaders comes this innovative step-by-step guide to thinking through the market essentials of an opportunity. Rather than relying on generic examples or others' stories, the authors put the reader in the driver's seat by encouraging him or her to generate, evaluate and prepare to act on their own opportunities. I can't think of a more practically useful entrepreneurship book.'

Dean A. Shepherd, Ray and Milann Siegfried Professor of Entrepreneurship,
Mendoza College of Business, Notre Dame University

'Gruber and Tal have crafted a visually exciting way for entrepreneurs to identify and analyse their opportunities, before they dive into execution. This book pairs nicely with the Business Model Canvas and Lean Startup. Best of all, it also tells you how to focus, and what NOT to do!'

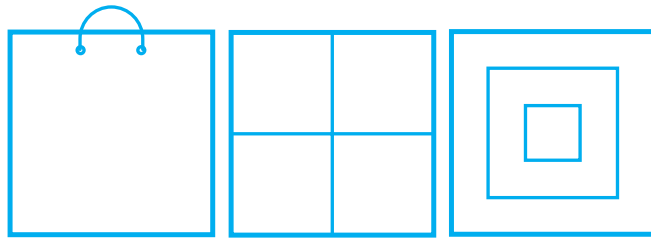
Henry Chesbrough, UC Berkeley Haas School of Business professor, and author of Open Innovation.

'Using thoughtful research and compelling examples, Where to Play provides important guidance on how to balance focus and flexibility when launching a new venture. It builds on the Lean Startup model by providing meaningful insights on what markets to address first.'

Tina Seelig, Professor of the Practice, Stanford School of Engineering

'Where to Play attacks head-on one of the most difficult questions any aspiring entrepreneur must answer: "Which target market should I serve?" It's visual, easy-to-apply, and full of common-sense. If I were starting a business today, I wouldn't leave the starting blocks without it!'

John Mullins, Professor, London Business School; best selling author, *The New Business Road Test* and *The Customer-Funded Business*



WHERE TO PLAY



Pearson

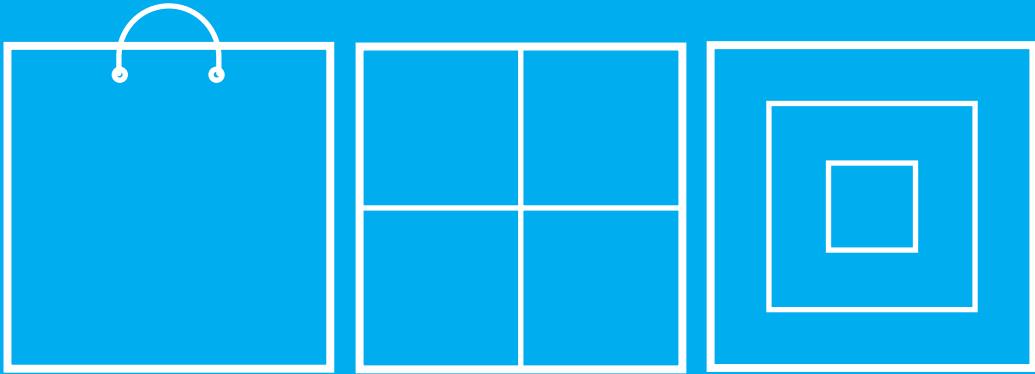
At Pearson, we have a simple mission: to help people make more of their lives through learning.

We combine innovative learning technology with trusted content and educational expertise to provide engaging and effective learning experiences that serve people wherever and whenever they are learning.

From classroom to boardroom, our curriculum materials, digital learning tools and testing programmes help to educate millions of people worldwide – more than any other private enterprise.

Every day our work helps learning flourish, and wherever learning flourishes, so do people.

To learn more, please visit us at www.pearson.com/uk



WHERE TO PLAY

3 steps for discovering your most valuable market opportunities

Marc Gruber and Sharon Tal



Harlow, England • London • New York • Boston • San Francisco • Toronto • Sydney • Dubai • Singapore • Hong Kong
Tokyo • Seoul • Taipei • New Delhi • Cape Town • São Paulo • Mexico City • Madrid • Amsterdam • Munich • Paris • Milan

Pearson Education Limited

KAO Two
KAO Park
Harlow CM17 9NA
United Kingdom
Tel: +44 (0)1279 623623
Web: www.pearson.com/uk

First edition published 2017 (print and electronic)

© Pearson Education Limited 2017 (print and electronic)

The rights of Marc Gruber and Sharon Tal to be identified as authors of this work have been asserted by them in accordance with the Copyright, Designs and Patents Act 1988.

The print publication is protected by copyright. Prior to any prohibited reproduction, storage in a retrieval system, distribution or transmission in any form or by any means, electronic, mechanical, recording or otherwise, permission should be obtained from the publisher or, where applicable, a licence permitting restricted copying in the United Kingdom should be obtained from the Copyright Licensing Agency Ltd, Barnard's Inn, 86 Fetter Lane, London EC4A 1EN.

The ePublication is protected by copyright and must not be copied, reproduced, transferred, distributed, leased, licensed or publicly performed or used in any way except as specifically permitted in writing by the publisher, as allowed under the terms and conditions under which it was purchased, or as strictly permitted by applicable copyright law. Any unauthorised distribution or use of this text may be a direct infringement of the authors' and the publisher's rights and those responsible may be liable in law accordingly.

All trademarks used herein are the property of their respective owners. The use of any trademark in this text does not vest in the authors or publisher any trademark ownership rights in such trademarks, nor does the use of such trademarks imply any affiliation with or endorsement of this book by such owners.

Pearson Education is not responsible for the content of third-party internet sites.

ISBN: 978-1-292-17892-9 (print)
978-1-292-17893-6 (PDF)
978-1-292-17894-3 (ePub)

British Library Cataloguing-in-Publication Data

A catalogue record for the print edition is available from the British Library

Library of Congress Cataloguing-in-Publication Data

A catalog record for the print edition is available from the Library of Congress

10 9 8 7 6 5 4 3 2 1
21 20 19 18 17

Text design by Dana Shimoni

Cover design by Two Associates based on an idea by Dana Shimoni

Print edition typeset in 9.5/15 pt Open Sans by iEnergizer Aptara®, Ltd.

Print edition printed and bound in the UK by Ashford Colour Press Ltd, Gosport, Hants

NOTE THAT ANY PAGE CROSS REFERENCES REFER TO THE PRINT EDITION

In this book you will find

About the authors [viii](#)

Acknowledgements [ix](#)

1 **Overview**

1.1 Are you running in the right direction? [4](#)

1.2 The Market Opportunity Navigator in a nutshell [14](#)

2 **The Market Opportunity Navigator: Three steps for discovering your most valuable market opportunities**

2.1 Market Opportunity Set [29](#)

2.2 Attractiveness Map [53](#)

2.3 Agile Focus Dartboard [105](#)

3 **Implications and additional benefits**

3.1 Implications of the Agile Focus Strategy [161](#)

3.2 Ongoing use of the Navigator [168](#)

3.3 Using the Market Opportunity Navigator with other business tools [170](#)

4 **Beyond start-ups: The Navigator for:**

4.1 Established firms [181](#)

4.2 Investors [186](#)

4.3 Technology Transfer Offices [188](#)

4.4 Educators and Accelerators [190](#)

5 **Epilogue: The Navigator's Navigator** [195](#)

Worksheets [211](#)

Thank you note [216](#)

Index [217](#)

About the authors

Where to Play presents a new business tool with a solid underpinning called the Market Opportunity Navigator. It was developed based on over 15 years of rigorous research, combined with years of practical experience in consulting and teaching budding entrepreneurs. Hundreds of cases, from different industries and countries, were studied and analysed as we developed the underlying logic of the Market Opportunity Navigator. The result is a simple and appealing tool, which has the right amount of depth to help you make solid decisions.



Marc is a world-leading researcher in the domain of innovation, entrepreneurship and technology commercialisation. He is Vice President for Innovation at the Swiss Federal Institute of Technology (EPFL) in Lausanne, Switzerland, where he also heads the Chair of Entrepreneurship and Technology Commercialisation. He works as the Deputy Editor for the #1 empirical research journal in management, the *Academy of Management Journal*. He received multiple 'Thought Leader' awards for his breakthrough research. Marc is actively engaged in teaching, consulting and executive training programmes in Europe, the US and Asia, and regularly acts as a jury member in start-up and corporate entrepreneurship competitions across Europe.

Sharon is one of the co-founders and former executive director of the Entrepreneurship Centre at the Technion, Israel Institute of Technology, and a well-recognised lecturer on marketing for high-tech start-ups. She conducts seminars and workshops on a regular basis to students and start-ups, and serves as a mentor in many organisations that aim to help budding entrepreneurs. Sharon has vast experience in marketing and has served as a marketing manager for firms in several industries. She also has extensive experience in strategy consulting. Her PhD research investigated the market entry decisions of hundreds of start-ups and their consequences on firm performance and flexibility.

Acknowledgements

We are grateful to the following for permission to reproduce copyright material:

Figures

Part 3.3 from *Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers*. (Osterwalder, A., Pigneur, Y., In Clark, T. & Smith, A. 2010). Courtesy of Strategyzer (<https://strategyzer.com>); Part 3.3 from *Value Proposition Design: How to Create Products and Services Customers Want*, Hoboken Wiley (Osterwalder, A., Pigneur, Y., Bernarda, G. & Smith, A. 2015). Courtesy of Strategyzer (<https://strategyzer.com>).

Photographs and artwork

The publisher would like to thank the following for their kind permission to reproduce their photographs and artwork:

Saar Yoskovitch/Gal Shaul/Augury: 37, 46, 52, 55, 67, 75, 78, 81, 83, 88, 91, 94, 96, 108, 131, 141, 150, 152; FLYABILITY SA: 155; FujiFilm Holdings Corporation: 51; Marc Gruber/Sharon Tal: 22, 32, 130, 168, 188, 204.

'The entrepreneur's dilemma: focus, focus, focus – but on WHAT?'

David Roth, Forbes Magazine

'The hardest thing when you think about focusing. You think focusing is about saying "Yes". No. Focusing is about saying "No".'

Steve Jobs, Apple co-founder

'The thing about inventing is you have to be both stubborn and flexible, more or less simultaneously. The hard part is figuring out when to be which!'

Jeff Bezos, Amazon founder

'You have to be prepared to see the better idea when it arrives. And the hardest part of that is often discarding your old idea.'

Paul Graham, Y Combinator co-founder

If you've ever felt these challenges,
this book is for you . . .

3

Implications and additional benefits

- 3.1 Implications of the Agile Focus Strategy
- 3.2 Ongoing use of the Navigator
- 3.3 Using the Market Opportunity Navigator with other business tools

The Market Opportunity Navigator is your business tool to successfully navigate the market opportunity landscape, whenever this is required.

In order to work effectively with the Market Opportunity Navigator, it is important to:

- Understand how the Agile Focus Strategy influences key issues in venture creation and in commercialising innovations
- Learn how you can benefit from the Market Opportunity Navigator over time
- Employ it in concert with other business tools

3.1 Implications of the Agile Focus Strategy

The final outcome of the Market Opportunity Navigator is your Agile Focus Strategy. It shows how you can navigate smartly on the market opportunity landscape: you can focus on the most attractive opportunity and maintain your agility while doing so. In effect, by deliberately keeping open your Backup and Growth Options, you enhance not only the agility of your resources and capabilities but also your cognitive flexibility . . . and that of your management team, your employees and your stakeholders.

In short, the Agile Focus Strategy has important implications for many areas and activities associated with your commercialisation effort.

Think about the . . .

- Resources and capabilities that you will continue to develop and build over time
- Identity, culture and structure of your venture
- Branding and marketing you will employ in your commercialisation efforts
- Fundraising efforts you will engage in

Resources and capabilities over time: developing agility and acting with foresight!

The Dartboard provides an overview of the market opportunities that you can exploit – now, and over time. Having such an early understanding of the markets that can (potentially) be entered also helps you in taking key decisions regarding your resources and capabilities, and how you want to develop them over time. In essence, by having some foresight on this front, you will be able to develop your resources and capabilities in a way that will enable greater flexibility and agility – and these features are key when you should need to pivot to another market, or when you want to diversify to new markets!

Build a modular technology

Given that you know about future opportunities, you may want to build your technology in a modular manner so that you will be able to deploy it with greater flexibility – thereby saving time and money when pivoting or exploiting additional market opportunities! In any case, make sure that you do not lock yourself into one particular development path for your technological capabilities. Although at times it is tempting to tailor your technology in a way that allows you to cater to one specific market (because it may save you time and money in the short term), it will become fairly cumbersome, if not impossible, to adapt this technology to other applications. So, be very strict about this, and make sure that your R&D team is aligned with this guidance.

Cast a wider intellectual property (IP) net

Your Agile Focus Strategy should also influence your Intellectual Property (IP) strategy. Now that you know of additional market opportunities, you are able to proactively protect your invention in these domains. When you file your patents, make sure that your future options are reflected in your claims or application fields, to maximise your IP potential.

Take into consideration future human resource needs

You may also want to think about the people you will be hiring in a manner that takes into account your future market opportunities. Perhaps some employees bring the necessary skills to develop your technology in a more flexible manner or are better equipped for your sales and marketing efforts in current and future market domains? Furthermore, think of how you define their roles in the organisation, in a way that open-mindedness and agility are encouraged.

Build and involve your stakeholder network

Stakeholders have a key interest in the opportunities that you will (potentially) exploit. These could be your investors, your advisory board or other potential partners and allies. All these stakeholders need to be aware of your Agile Focus Strategy, and even more importantly, they may help you in its implementation. Hence, be smart about picking the right people in your network, with the relevant experience and attitude, so that they will not lock you out of your future option(s).

Medic Vision provides an illustration for this important point. As the firm decided to pivot from developing computer-aided diagnostic tools for brain scans to developing SafeCT (an add-on that enables low-dose CT imaging), they actually had to find new investors, as their current ones were locked on pursuing the original idea. Fortunately, Medic Vision succeeded in this strategic shift, but it was definitely painful and costly.

The identity of your venture, its culture and its structure

The market(s) a firm is serving is (are) not only of significance for creating value. Your choice of market opportunities also has a powerful influence on the DNA of your firm: 'what your firm is all about' and how others (potential employees, stakeholders, customers etc.) will perceive it. In fact, it is not only the market opportunities that you choose to pursue but also the scope of your focus that influence these profound characteristics.

Q Research insights

In a study that examined the emergence of 25 new technology ventures, we investigated how different types of market focus influence the organisational identity of these newly created firms.^o

The results show that the founders' definition of 'who we are as an organisation' clearly depends on the scope of market opportunities that they intend to pursue:

- Ventures that adopt a 'laser-sharp' focus approach tend to develop a relatively narrow identity, which was mainly based on the specific product that they wanted to develop.
- Ventures that adopt an Agile Focus approach define their organisational identity in a fairly broad manner, often emphasising a wide market domain or a broadly defined need.
- Un-focused ventures (i.e., those that had not yet adopted a strategic focus) define their emerging firm in the widest possible manner, mainly based on the technology they develop.

In short, your Agile Focus Strategy will shape the identity of your firm and its culture. It will also affect how you design the structure of your company. Without a doubt, these are some of the most profound, far-reaching characteristics of your venture!

Imprinting the firm's identity

An identity statement defines what is important and essential to the venture, and usually draws on ideological ideas that are important to the founder and his or her plans for the venture. It relates to how employees, as well as customers and investors, perceive the firm, and provides an answer to questions such as: 'Who are we?' 'What are we doing?' 'What do we want to be in the future?'

^o To find out more take a look at: Experimentation, uncertainty, and the performance of new technology ventures/ Tal, Gruber & de Haan (Dissertation Technion)

Foresight in terms of market choice can lead to foresight in terms of choosing ‘who you are and will be as a company’. This is a subtle activity – yet one that is of great significance! An identity, once more widely known, cannot be changed easily. Hence, it is important to consider your range of market opportunities when developing and shaping your ideas of what your firm is and will be about.

Augury’s founders, for example, define themselves as ‘a firm that brings predictive maintenance to new markets by listening to machines’. In fact, their tag line says: ‘Machines talk. We listen’. This definition of ‘who we are’ is broad enough and holds for any type of machine or market.

Shaping the culture

A firm’s culture is based on the notion of identity, yet it emphasises the shared assumptions, values and beliefs that shape how people behave in a firm. Every organisation develops and maintains a unique culture. Whether a firm’s culture is actively shaped or not, it will emerge nonetheless . . . but maybe not in the way that is most beneficial to the success of the firm. Your Agile Focus Strategy will influence the culture that you want to develop and see flourish in your venture. In particular, you can work on implementing a culture that values agility and innovativeness, as these features are instrumental not only in pursuing an Agile Focus Strategy but also for becoming and remaining competitive.

Augury’s founders, for example, initiate breakout sessions in which their employees gather together and brainstorm for new ideas. These gatherings nurture the innovative culture of the firm.

Designing the structure of your organisation

Lastly, your foresight of market opportunities is likely to shape the structure of your organisation. You may define the roles in the organisation, or may want to build your divisions in a way that will be aligned with your current and future market entry plans. Remember that these plans may change over time, so the most important element is to structure your firm such that it remains agile!

Your branding and marketing communications

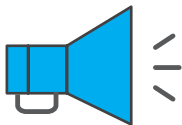
The information shown on the Dartboard is also a key input to your branding strategy and your marketing communications. Now that you have mapped out your future growth path, you have opened up the opportunity to pick a brand name that reflects best what your company is and will be about!

For instance, if you choose a brand name that is focused on one particular application of your abilities, you may lose the ability to sell future products for new markets with the same brand name (e.g., think of the brand names 'Salesforce.com' vs. 'Oracle'). While there are benefits to having a focused brand name that corresponds to a particular application – especially if your budget for marketing communication is limited – you also need to consider its inflexibility when seeking to enter new markets.

Furthermore, changing a brand name down the road means losing the reputation and the positioning that you worked so hard to achieve, and usually requires some significant financial investment.

GetTaxi is one interesting example of such a case. GetTaxi developed a GPS-based application that connects customers and taxi drivers. Yet, over time it became clear that the very same application can also be used for getting anything on demand (from beauty and home services to dry cleaning and food). This novel understanding of what the firm's market opportunities can be required changing the brand name to 'Gett', a move that involved significant expenditures.

So, when you develop and design your brand name and marketing communication strategy, make sure they do not lock you out of possible growth or pivoting options.



Your fundraising campaign: communicating with potential investors

Investors are often critical to the success of commercialisation efforts. Before they invest, however, they want to understand how much value can be generated with your venture project and want to see the roadmap that will help you to achieve your value creation goals.

The Market Opportunity Navigator allows you to showcase the potential inherent in your venture in a simple and intuitive way, as you can communicate your market opportunities and your market entry strategy to investors, discuss risk mitigation strategies (i.e., Backup Options) and show how you align your funding needs with key milestones and your market roll-out plan.

In order to benefit from the systematic approach and clear language that the Market Opportunity Navigator offers, you can include the main outcomes of your Navigator process in your pitch deck and business plan. For example, investors will appreciate if you can clearly show why you chose your target market opportunity, and how you estimate its value creation potential and its value capture challenge. They will want to see that you are focusing on the most promising opportunity, but also that you understand how to bring your company to the next stage by exploiting additional Growth Options over time.

Moreover, investors understand that innovative projects are often fraught with high levels of uncertainty – hence, when you are able to show your Backup Options, you will signal that you are in command of your venturing process and are ready to navigate into an uncertain future.

Remember that investors are looking for a winning team and not just for a winning idea. Applying the Navigator also signals to investors that your team is rigorous and prudent, with broad insights and long-term views.



3.2 Ongoing use of the Navigator

Are you running in the right direction?

This question bothers entrepreneurs and innovators not only as they choose their initial path but also over time as they strive to pursue it.

Doubts that poke your confidence arise for many reasons. They can result from external changes in your business environment or internal modifications in your firm's abilities. Whatever it may be, you can always go back to the structured evaluation offered by the Navigator, check your new assumptions, support or refute your doubts and align your strategy if necessary. It will build up your confidence – if your analysis shows that you are still running in the right direction, or it will help you to discover a new direction – if your analysis indicates that pivoting is preferable.

New opportunities that come unannounced often create big doubts as well. Think of potential customers that hear about your technology or product and knock on your door to see if it could be used in their domain. Surely, interested customers are great. But should you really span your limited attention or redirect your strategy because of that? The Market Opportunity Navigator can help you in dealing with such decisions: evaluate these new opportunities, look at them relative to your other options and arrive at an informed decision on whether they are worthwhile to be pursued – now or later.

Running in the right direction is also a relevant question when it's time to grow your business. Whether you are still a start-up or a larger enterprise, the Navigator will come handy as you search for your next pathway to success.

All in all, the Market Opportunity Navigator can be of great value throughout your entrepreneurial journey. Applying this framework over time will not only help you in setting a promising strategy but will also help you in developing a proper DNA for your emerging venture – one that facilitates a structured and thorough process when important decisions are on the table.

*The Market Opportunity Navigator is your ongoing companion.
Make it a habit to use it!*

How can you benefit from the Market Opportunity Navigator over time?

Trace back, track and update your decision

- Move from intuition, to informed intuition, to fact-based decisions. Use the Navigator with the information that you currently have in hand to decide on your next action items (such as: What shall we work on this week?) until you are sufficiently knowledgeable to set your strategy.
- Learn more about your current market opportunities and update their positioning on the Attractiveness Map and, perhaps, on the Agile Focus Dartboard.
- Systematically work with newly arising market opportunities, that is, position them on the Attractiveness Map and consider them for an updated Agile Focus Dartboard.
- Make your learning process and the evolution of your venture visible to everyone.
- Date your updates and save them so that you can always go back for a review. This will help you to understand what has changed and how the logic of your strategy has developed over time.

Navigate the pivoting process

- Things may go wrong and you will need to pivot over time. The Agile Focus Strategy helps you to cope with pivoting more easily, as you develop wider capabilities, have Backup Options in store and have been able to learn about other opportunities all along.
- Update the Attractiveness Map and the Agile Focus Strategy to make your pivoting choice more apparent.

Navigate the growth process

- The Agile Focus Strategy helps you to see and exploit new Growth Options. Once your efforts prove successful, you can use the Market Opportunity Navigator to decide on your new target opportunities. Attractiveness and relatedness will most probably be your main considerations, as emphasised in Worksheet 3.
- Remember that you may also use the options that you have placed in storage as licensing opportunities, thereby creating an important additional income stream.

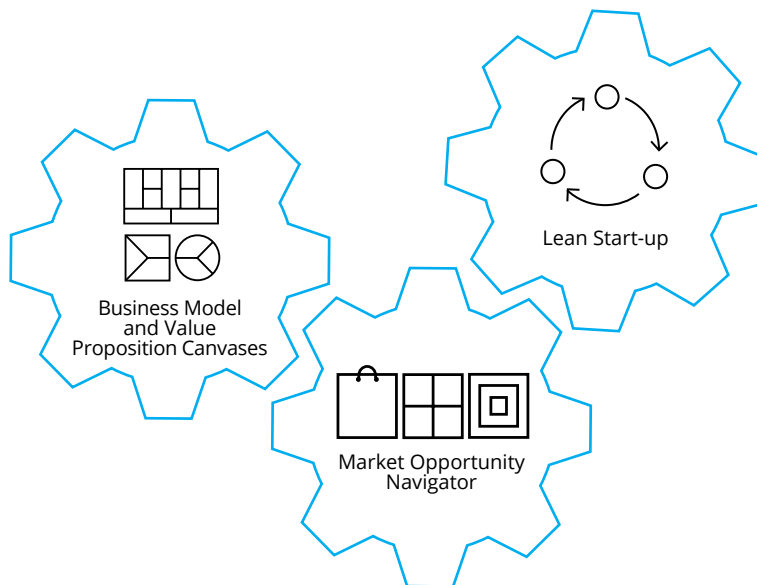
3.3 Using the Market Opportunity Navigator with other business tools

Designing your business strategy is a complicated task that involves an iterative process of learning, planning and validating. A handful of great business tools and methods can help you as you strive to overcome this challenge and set a winning strategy.

This is why we designed the Market Opportunity Navigator in a way that . . .

- Allows seamless integration with other major business tools
- Mutually reinforces other tools, making their use more valuable

In the following, we explain how the Market Opportunity Navigator can be used together with the Business Model Canvas and the Value Proposition Canvas, outstanding frameworks for planning your strategy, and with the Lean Start-up Methodology – a key method for validating your strategy. Together, they form a powerful suite of tools that clearly lays out the planning and validating processes, as you strive to find your promising path.

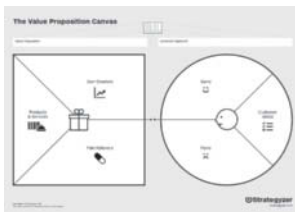


The Business Model and Value Proposition Canvases – Enhancing your frameworks for strategic planning

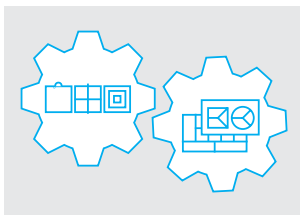
While the Market Opportunity Navigator provides an excellent framework for assessing your complete landscape of opportunities, the Business Model and Value Proposition Canvases provide great frameworks for zooming into the details of a specific market opportunity.



The Business Model Canvas, developed by Alexander Osterwalder and Yves Pigneur, is one of the most commonly used tools for designing a business model. It captures the offering (value proposition), the customers (customer segments, distribution channels, relationships), the infrastructure (resources, activities, partners) and the finances (costs, revenues) in a single, easy-to-use template that seeks to explain how a business wants to create value with its offerings.



The Value Proposition Canvas, developed by Alexander Osterwalder, Yves Pigneur, Greg Bernarda and Alan Smith, zooms in on two key cells of the Business Model Canvas, that is, the value proposition and the customer segment. This canvas helps innovators to find the fit between their offering (on its left side) and their customers (on its right side). In particular, by analysing and designing the different elements of this canvas, innovators can better understand how to build an attractive offering that will create value for their customers.°

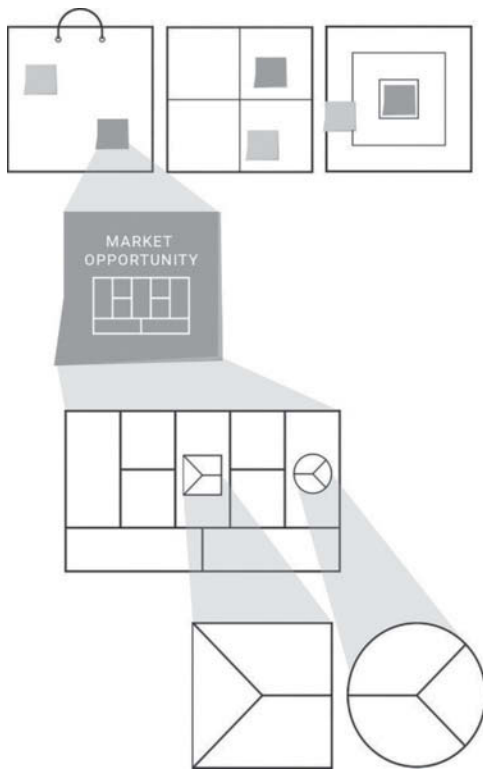


The Market Opportunity Navigator integrates seamlessly with the Business Model and Value Proposition Canvases, and offers great value in addition to these frameworks. These tools work together like cogwheels, with one reinforcing the other, as they provide different levels of analysis that are all essential for setting your strategy.

To find out more take a look at:

- To find out more about the Business Model Canvas and the Value Proposition Canvas, take a look at the creators of the canvases: Strategyzer and strategyzer.com

Combining macro and micro views



The Navigator provides a powerful ‘macro view’ on the landscape of opportunities. Each market opportunity in this landscape represents an application of your abilities for a specific set of customers.

As such, it allows you to understand the content of and the links between four core elements of the Business Model Canvas: the ‘resources’ and the ‘activities’ that form your unique abilities, the ‘value proposition’ and the ‘customers’ cells.

Eventually, each market opportunity should have a clear ‘micro planning’ that details its business model (i.e., how to create value to the firm) and its value proposition (i.e., how to create value to the customers).

However, to set these elements properly, you need to understand all levels of analysis, as they are all essential: the macro view is essential for uncovering

and comparing your options, so that you can choose which markets to play in, and the micro view is essential for understanding how to actually play in that market.

Each level of analysis provides important inputs to the others, so you can drill down and go up in an iterative manner. For instance, you will need to understand your Value Proposition Canvas to be able to evaluate a market opportunity and map it on the Attractiveness Map, and you will need to understand your Agile Focus Strategy, to be able to design a winning business model.

Design your business model to address an attractive market opportunity

The birds-eye view of the Navigator will help you to choose the most attractive market opportunity, so that you can design a winning business model to address this promising path.

Most importantly, it answers the question 'Which customer segment(s) is (are) the best to address with your resources? This is often one of the most pressing questions that an innovator has, and without having a good answer to it, the business model design process will suffer.

Design your business model to be flexible

You can design the building blocks of your business model in a flexible manner, to align with your Agile Focus Strategy. Think about your partners, your channels, your key activities and resources or even the type of relationships that you build with your customers. They can all be designed with your smart portfolio in mind, to enable a smoother pivoting or an easier growth in the future.

In order to get inspiration for your business model design, you can also turn to the Business Model Navigator, which offers a collection of 55 models that have been implemented successfully!^o

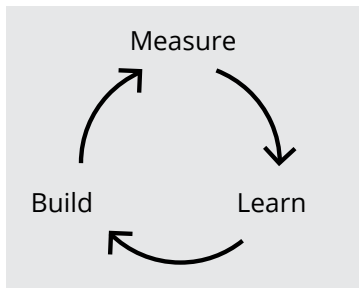
In sum, the combination of the Market Opportunity Navigator with the Business Model and Value Proposition Canvases offers powerful insights that reach significantly beyond the insights that each tool can provide by itself. These tools reinforce each other to provide the comprehensive planning that is required for finding the most fertile ground for your endeavour.

In fact, it doesn't matter which of these cogwheels you start rolling first. Eventually, you will need all to formulate a winning strategy.

^o To find out more take a look at: The Business Model Navigator/ Gassmann, Frankenberger & Csik (2014)

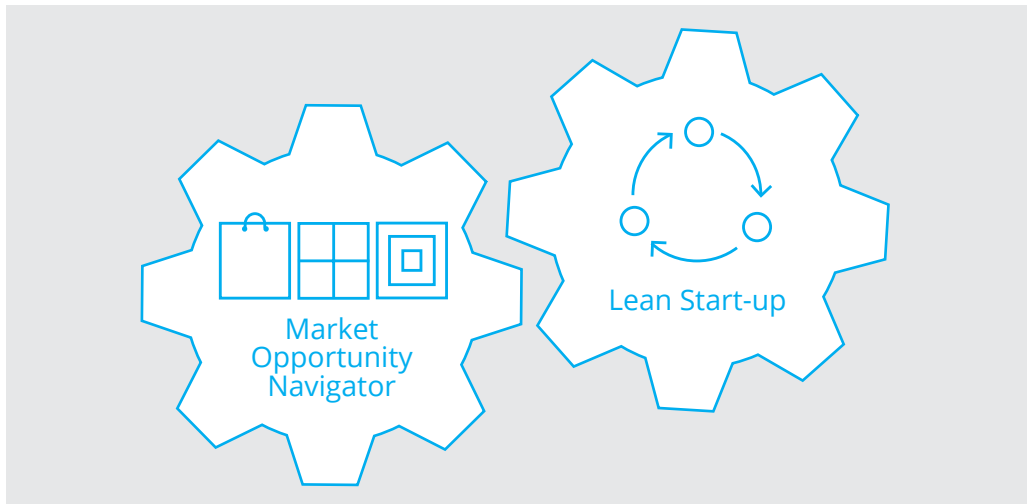
The Lean Start-up Methodology – Enhancing your processes for strategic validation

The Lean Start-up Methodology, which was developed by Eric Ries and Steve Blank, has risen to prominence as it offers innovators a process by which they can rapidly test, learn and adapt their offerings for their customers. It adds great value to the Market Opportunity Navigator, as it forces you to nail down and validate your assumptions as you learn about your market opportunities.



In particular, this methodology proposes that innovators have to discover and validate their target customers before they engage in product development and company building. Hence, innovators should adopt rapid build – measure – learn cycles that involve the formulation of assumptions, their validation or their adaptation – if required.°

The Market Opportunity Navigator and the Lean Start-up Methodology complement each other in several ways. Just as before, the two approaches work together like cogwheels, with one reinforcing the other.



Here is how you can greatly benefit from using these tools together:

1. Combine planning and experimentation

The Navigator is a tool to plan your strategy, reflect on what you have learned and adjust if necessary. This plan-reflect-adjust process enhances the rapid experimentation cycles offered by the Lean Methodology. Together they create a complete learning process, during which you can be both predictive and adaptive. The iterative process usually begins with planning. Gather the knowledge that you have in hand on the Navigator to understand and to set your strategic boundaries so that you can engage in meaningful experimentations. Then build a minimum viable product and get out of the building – as guided by the Lean Method – to learn about real customer needs. You can then go back to the Navigator to reflect and adjust: update your Market Opportunity Set, your Attractiveness Map, and your Agile Focus Dartboard according to what you have learned. Now build-measure-learn again . . .

In short, the Navigator offers a process to rigorously plan and define your market domains and the Lean Method offers a process to understand and to validate the customers' needs, as these are often not known in advance, even with rigorous planning.

2. Combine broad and targeted perspectives

The Lean Method pushes you to examine a single, targeted path. If it turns out to be the 'wrong' one, you should pivot by finding a branch from that path that seems to be interesting. The Market Opportunity Navigator, however, guides you to see the broad landscape of opportunities. This overview can save you from going down the wrong path in your experimentation or from missing out a more promising one. In addition, it enables you to be more prepared for pivoting down the road, as you keep on reflecting on your Market Opportunity Set, and you keep some options open following your Agile Focus Strategy.

In short, this broad perspective helps you to find a 'global maximum' rather than a local one, and to leverage your variety of options for a better manoeuvrability.

3. Combine customers and market hypotheses

The Lean Method pushes you to validate your hypotheses about customers through rapid experimentations. These hypotheses are usually based on the nine building blocks of the Business Model Canvas and emphasise mainly the value proposition aspect. The Navigator examines the attractiveness of an opportunity based on its Potential and its Challenge. The structured evaluation shown in Worksheet 2 forms the basis for an additional set of hypotheses which examines other aspects of the market and its environmental context (such as competitors, value chain actors etc.) so that you can generate market hypotheses on top of your customer hypotheses and base your strategic choice on a more inclusive set of considerations.

4. Combine short and long learning loops

The Lean Method emphasises the importance of rapid build-measure-learn loops. Yet, as examples such as KalOptics and Microbot have shown, many ideas simply cannot be tested quickly and cheaply in a series of experiments. They require significant upfront investment in research and development, perhaps even over a longer term. They may also be too novel or too complex to allow rapid customer assessments. In other words, firms with such innovations need to incur substantial expenses – and thus need to be very careful about the path which they want to take. If this is the case for you, the Market Opportunity Navigator will provide you with important answers, as you can apply it to identify the most promising paths and to make sure that you remain agile if adaptation is required over time. The Agile Focus Strategy is therefore indispensable when rapid experimentation is not feasible.

In sum, the combination of the Navigator and the Lean Start-up Methodology is powerful, as they reinforce each other to create a broad and complete process for validating your strategy. Once again, it doesn't matter which of these cogwheels you start rolling first. Eventually, you will need both to formulate a winning strategy.

This page intentionally left blank



BROOKLYN



Handwritten notes on sticky notes:

- Decision making
- Team
- Strategies
- Learning
- Action plan
- What are you going to do?
- Communication
- Marketing
- Sales
- Operations
- Customer service
- Product development
- Research and development
- Finance
- Human resources
- Information technology
- Legal
- Public relations
- Supply chain management
- Manufacturing

Index

A

- abilities and use context, decoupling 34–7
- absolute analysis vs. relative analysis 88
- accelerators, Market Opportunity Navigator for 11, 190–3
- Agile Focus Dartboard 17, 25, 105–57
- achieving 106–7
- Attractiveness Map considerations 116–17
- Backup Option 109, 111–14, 123, 129
- decision-making 119
- designing 109–14
- fit with stakeholders' interest 118
- Growth Option 109, 111–14, 123, 130
- laser-sharp focusing 107–8
- outcome of 141–3
- personal fit with opportunity 118
- Primary Market Opportunity, choosing 115
- Primary Market Opportunity, relatedness assessment of 124–32
- resource constraints 118
- Agile Focus Strategy 8, 9, 17, 21, 50
- additional market opportunities, discovering 144
- de-focusing 144
- designing of 26, 152–7
- determining 133–8
- for educators 208
- for established firms 209
- implications of 161–7
- investment 144
- for investors 209
- for technology transfer offices 208
- AirBnB 102
- Amazon 119
- attractiveness
 - market opportunities, evaluation of 147–51
 - vs. relatedness 134
- Attractiveness Map 16, 24, 53–102
 - analysing 91–8
 - business environment, learning 56
 - Challenge dimension 59, 60, 75–88, 100
 - considerations 116–17
 - customers' world, learning 56
 - as learning process 55
 - milestones 56
 - outcome 90
 - Potential dimension 58, 60, 62–74, 100
 - scoring 61, 88–9
- Augury 27
 - Agile Focus Strategy 142
 - Attractiveness Map 94–8, 121–2
 - Auguscope 35
 - Backup Option 131, 140
 - Change dimension of market
 - opportunity attractiveness 86
 - compelling reason to buy 65
 - economic viability 71

Augury (*continued*)
 external risks 84
 Growth Option 131, 140
 implementation obstacles 78
 learning process 57
 Market Opportunity Set 42, 45, 48
 market volume 68
 Potential dimension of market
 opportunity attractiveness 73
 Primary Market Opportunity,
 relatedness assessment of 128,
 131
 time to revenue 81

B

Backup Option 109, 111–14, 123
 choosing 134
 investing in 135
 market opportunities and 129
 open, keeping 135–6
 pursuing 137–8
 barriers to adoption 83
 Bernarda, Greg 171
 bias 20
 Biotia 36
 Blank, Steve 12, 67, 174
 Bowling Pin Model 127, 128
 branding 166
 broad and targeted perspectives,
 combining 175
 broad thinking 38–9
 business environment, learning 56
 Business Model Canvas 12, 13, 170–3,
 193

business model to address attractive
 market opportunity, designing 173
 flexible business model 173
 macro and micro views, combining
 172

C

Camero 138
 capabilities 21
 CB Insights 93
 Challenge dimension, of market
 opportunity attractiveness 59, 60,
 75–88
 external risks 82–4
 implementation obstacles 76–8
 improving 100
 overall rating 85–7
 time to revenue 79–81
 cognitive flexibility 30, 37, 111, 144
 Commercial Buildings Energy
 Consumption Survey 68
 commercialisation
 effort, management of 9
 innovative ideas 4
 communication with potential investors
 167
 compelling reason to buy 63–5, 72
 competitive threat 82
 competitors 56, 176
 ‘continents vs. countries’ issue, in market
 opportunity identification 44–5
 culture, shaping 165
 customers 41
 ability to pay 70

- and market hypotheses, combining 176
- stickiness 70
- world, learning 56

D

- debate 20
- decision-making 10, 119–22
- diagonal trade-off 116
- discovery skills, tactics to boost
 - existing knowledge, consideration of 46
 - external sources, accessing 46
 - lists of industries and markets, ploughing 46
 - patent search 46

E

- E Ink 92–3
- eBay 39
- economic viability 69–71
- educators
 - Agile Focus Strategy 208
 - Market Opportunity Navigator for 11, 190–3, 200–1
- entrepreneurs 21
- established firms
 - Agile Focus Strategy 209
 - how to decide, deciding on 183
 - idea within organisation, selling 184–5
 - Market Opportunity Navigator for 11, 181–5, 202–3
 - relatedness to the forefront, bringing 183–4

- risk, controlling 184
- wide net, casting 182
- existing knowledge, and discovery skills 46
- external risks 82–4
- external sources, accessing 46

F

- firm's identity 163–5
 - culture, shaping 165
 - imprinting 164–5
- fit with stakeholders' interest 118
- flexible resources and capabilities, building 135
- Flickr 37
- Flyability
 - Agile Focus Strategy, designing 152–3, 156
 - market opportunity attractiveness, evaluation of 147–51, 155
 - Market Opportunity Set, generation of 145–6, 154
- Food and Drug Administration (FDA) 87
- ForNova 43, 44
- Fujifilm 41
- funding challenges 77
- fundraising campaign 167

G

- Gal 27, 35, 42, 45, 57, 81
- GetTaxi 166
- Given Imaging 92

Gold Mine zone, in Attractiveness Map
91, 94, 98, 116, 117, 121

Google Analytics 67

Google Glass 40

Google Trends 67

Google X Labs 40

Growth Option 109, 111–14, 123
choosing 134
investing in 135
market opportunities and 130
open, keeping 135–6
pursuing 137–8

growth process, navigating 169

guesstimation 67

guidance over time, offering 10

Gusto 91

H

higher education, Market Opportunity
Navigator for 190–2

Hoffman, Reid 110

how to decide, deciding on 183

human resource needs, future 163

hypotheses into learning, turning 55

I

idea within organisation, selling
184–5

identification of market opportunities,
challenge to 39–40

identity
appropriate, developing 136
venture 163–5

implementation obstacles 76–8

initial screening of options 47

innovative ideas, commercialising 4

Instagram 70

Intellectual Property (IP) net 162

investors 21
Agile Focus Strategy 209
Market Opportunity Navigator for 11,
186–7, 205–8
portfolio companies management,
supporting 187
screening process in investment
decisions, supporting 186–7

K

KalOptics 122
Agile Focus Strategy 143
Backup Option 132
Growth Option 132
Lean Start-up Methodology 176

Kauffer, Stephen 108

Kotter, John 185

L

'laser-sharp focus' approach 21

Lean Start-up Methodology 12, 13, 170,
174–6
broad and targeted perspectives,
combining 175
customers and market hypotheses,
combining 176
planning and experimentation,
combining 175

- short and long learning loops,
 - combining 176
- length of sale cycle 80
- Levchin, Max 39
- lists of industries and markets, ploughing
 - 46
- Ludicorp 37

M

- margins (value vs. cost) 69
- market
 - choice 4–5
 - opportunities see market opportunities
 - pull 19
 - relatedness 124, 126
 - volume 66–8
- market opportunities 4
 - additional, identifying 50
 - attractiveness, evaluation of 26,
 - 58–60
 - broad thinking 38–9
 - choice, support for 8
 - continents vs. countries 44–5
 - defined 29, 38
 - identification challenge 39–40
 - new, discovering 38–45
 - technologies, combining 41–2
 - worksheets 222–5
 - zoom in/zoom out of 43
- Market Opportunity Navigator
 - for accelerators 11, 190–3
 - benefits of 169
 - designing 170
 - for educators 11, 190–3, 200–1
- efficiency of 20
 - for established firms 11, 181–5,
 - 202–3
 - for investors 11, 186–7, 205–8
 - needs and usage of 19
 - in nutshell 14–21
 - ongoing use of 168–9
 - as a process 18
 - for start-ups 11, 198–9
 - strategy, setting 196–210
 - for technology transfer offices 11,
 - 188–9, 204–5
 - using with other business tools 170–6
 - worksheet 222
- Market Opportunity Set 15, 24, 29–50
 - as asset of firm 29
 - generation of 26, 31–3, 145–6
 - initial screening of options 47
 - new market opportunities, discovering
 - 38–45
 - outcome 48–9
 - tactics to boost discovery skills 46
 - unique abilities and technologies
 - 34–7
 - worksheet 223
- marketing communication 166
- Medic Vision Imaging Solutions 37
- Microbot Medical 74, 87
 - Lean Start-up Methodology 176
- milestones 56
- modular technology, building 162
- Moon Shot zone, in Attractiveness Map
 - 92, 98, 116, 117, 121, 130, 149, 151
- Moore, Geoffrey 127, 128
- Mullins, John 118
- Musk, Elon 130

N

NanoAF 39

Niamh 36

O

obstacles, implementation 76–8

Oracle 166

organisation structure, designing
165

Osterwalder, Alexander 12, 171

outcome 90

Agile Focus Dartboard 141–3

Attractiveness Map 90

Market Opportunity Set 48–9

P

PalmPilot 39

paralysis by analysis 20

patent search 46

paths and opportunities 6–7

PayPal 39

personal fit with opportunity 118

Pigneur, Yves 12, 171

pivoting process, navigating 169

planning and experimentation,
combining 175

portfolio companies management,
supporting 187

Potential dimension, of market

opportunity attractiveness 58, 60,
62–74

compelling reason to buy 63–5

economic viability 69–71

improving 100

market volume 66–8

overall rating 72–4

preferred market opportunity 99

Primary Market Opportunity 99, 109, 112,
114, 118

choosing 115

relatedness assessment of 124–32

product and market readiness, time
between 79–80

product development difficulties 76

product development time 79

product relatedness 124, 125

Q

qualitative scoring vs. quantitative
scoring 89

Questionable zone, in Attractiveness Map
93, 98, 117, 121

quick and dirty analysis vs. thorough
analysis 89

Quick Win zone, in Attractiveness Map
92–3, 98, 116–18, 121, 130

R

raising the questions vs. finding the
answers 88

rating of market opportunity
attractiveness

Challenge dimension 85–7

Potential dimension 72–4

relatedness

- assessment, of Primary Market Opportunity 124–32
- vs. attractiveness 134
- to the forefront, bringing 183–4
- market 124, 126
- product 124, 125
- vs. risk balancing 134
- resource allocation 139
- resource constraints 118
- return-on-investment (ROI) 69
- Ries, Eric 12, 55, 129, 174
- risk(s)
 - balancing vs. relatedness 134
 - controlling 184
 - external 82–4

S

- Saar 27, 35, 42, 45, 57, 81
- SafeCT 163
- sales and distribution difficulties 76–7
- Salesforce.com 166
- SAM (served available market) 66
- scoring 61
 - absolute vs. relative analysis 88
 - qualitative vs. quantitative scoring 89
 - quick and dirty vs. thorough analysis 89
 - raising the questions vs. finding the answers 88
 - short- vs. long-term horizon 89
- screening process in investment decisions, supporting 186–7
- shared language 10
- shareholder network, building and involving 163

- short and long learning loops, combining 176
- short-term horizon vs. long-term horizon 89
- Smith, Alan 171
- start-ups 21, 144
 - Market Opportunity Navigator for 11, 198–9
- stay informed 135
- storing market opportunities 139
- Swiss Federal Institute of Technology (EPFL) 145
- systematic learning 55

T

- TAM (total available market) 66
- technologies 21, 49
 - combining 41–2
- technology push firms 19
- technology transfer offices (TTOs)
 - Agile Focus Strategy 208
 - Market Opportunity Navigator for 11, 188–9, 204–5
- Tesla 130
 - Roadster 93
- third party dependencies 83
- 3M 181
- time 21
- time to revenue 79–81, 118

U

- uncertainty 55

V

- value chain 56
- value chain actors 176
- value creation 4
 - potential 10
- Value Proposition Canvas 12, 13, 170–3

W

- Waze 70
- wide net, casting 182

Z

- Zook, Chris 181–3
- zoom in/zoom out of market
 - opportunities 43