



OPPORTUNITY EVALUATION & MAKE A WINNING BUSINESS

**KNOWING A WINNING BUSINESS IDEA WHEN
YOU SEE ONE!**

IS YOUR IDEA WORTH DOING IT?

Why do you think
your idea is good?





AS THE FIRST EXERCISE YOU CAN ANSWER
THESE QUESTIONS:

- IS THE INDUSTRY YOUR BUSINESS BELONG TO
GROWING, DECLINING OR IT IS STEADY?

- WHAT IS THE MARKET PROSPECT FOR THE
NEXT YEAR, NEXT 3 YEARS AND 5 YEARS?

KNOW YOUR INDUSTRY

- Industry refers to the group of companies and businesses which act and work under same or similar activities. You can fit each business under an industry category, however sometimes businesses can be under two or more industries. To study these kinds of businesses you should consider all the related ones.

For example, one of our students wanted to start a drone sky photography for real estates. This business fits under at least two industries: real estate and photography and also can be looked under advertising. Studying the industries gives the outlook of possible scenarios and success factors.

KNOW YOUR INDUSTRY

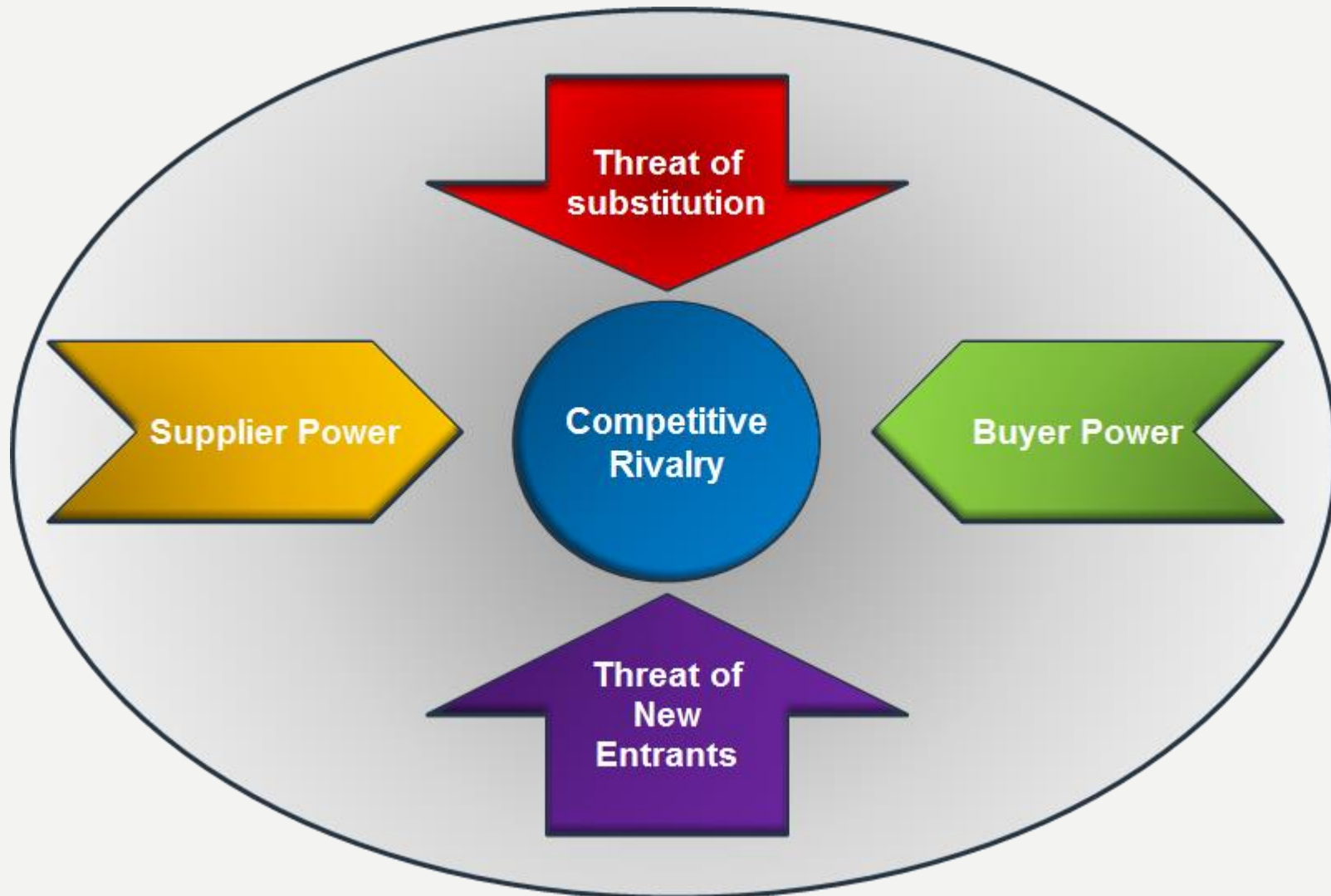
Studying the industry assist you to determine the market opportunity and how big and potential is the market. The first question I asked to answer was to find out whether the market (or industry) is growing or declining. You should consider the demand for the products or services you are offering and how will customer purchase and use these in the future.

To get information about your industry check:

<https://www.ibisworld.com>



HOW ATTRACTIVE IS YOUR MARKET?



PORTER'S 5 FORCES

- In a competitive industry, as many of them are, it is important to find out whether the industry has enough potential for a new business and how hard it is for a new-comer to stand out and perform.

There are several factors that can make a market attractive or not. One of the best described models to study a market attractiveness was made by Michael Porter who is an American academic known for his theories on economics and business strategies. It is known as Porter's five forces and it is a strong tool to investigate the attractiveness of a market.

- Watch this video to find out more:

<https://hbr.org/video/3590615226001/the-explainer-porters-five-forces>

CREATING EXCEPTIONAL UTILITY

The six stages of buyers experience cycle

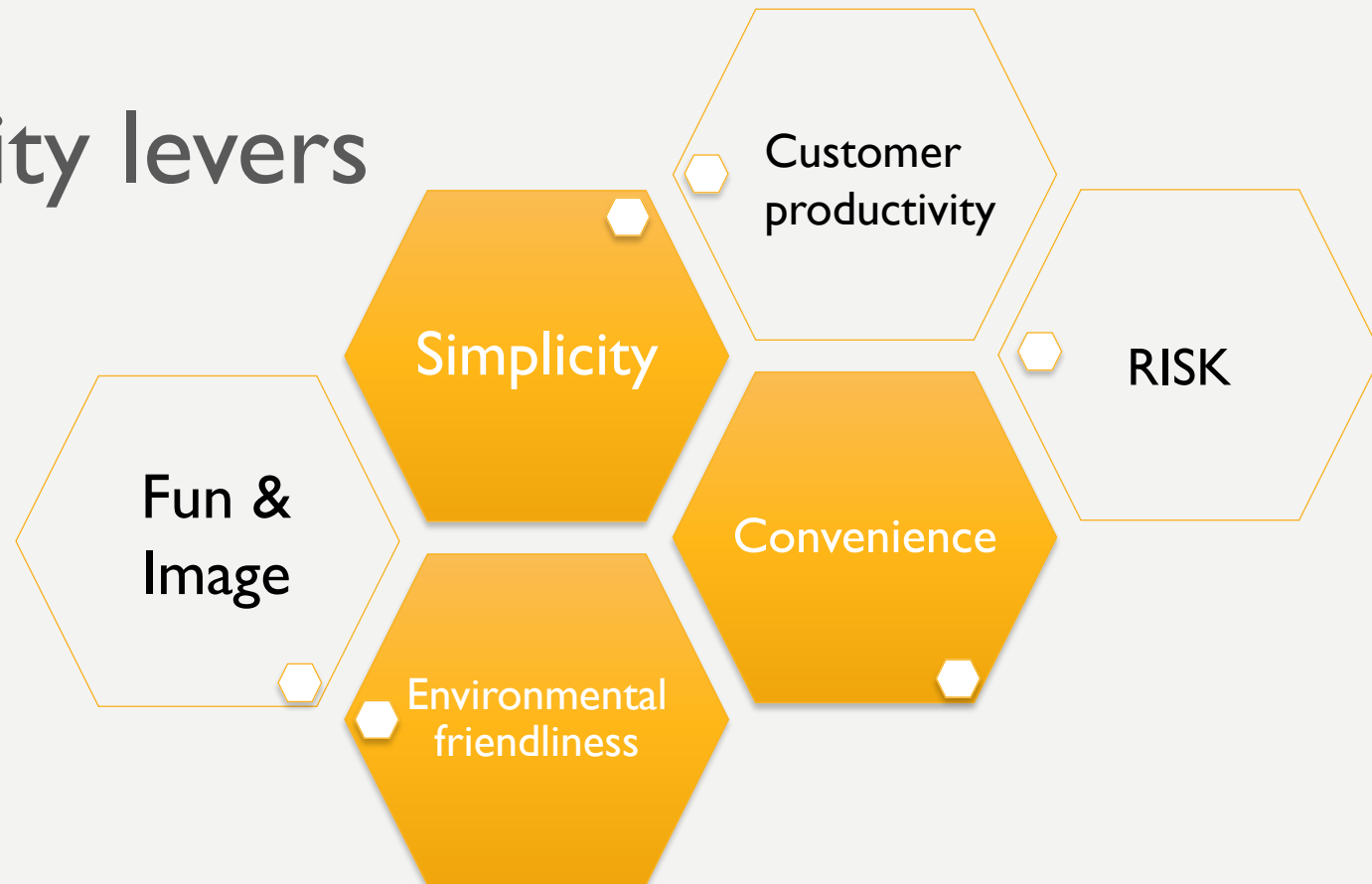


The Buyer Experience Cycle (BEC): A buyer's experience can usually be broken into a cycle of six stages, running more or less sequentially from purchase to disposal.

<https://www.blueoceanstrategy.com/tools/buyer-utility-map/>

CREATING EXCEPTIONAL UTILITY (CONT...)

- The six utility levers



CREATING EXCEPTIONAL UTILITY (CONT...) (BLUE OCEAN STRATEGY)

- The six utility levers

Utility levers: Cutting across the stages of the buyer's experience are what we call *utility levers* – the ways in which companies unlock utility for their customers.

By locating a new offering on one of the spaces of the buyer utility map, managers can clearly see how, and whether, the new idea creates a different utility proposition from existing offerings but also removes the biggest blocks to utility that stand in the way of converting noncustomers into customers. In our experience, managers all too often focus on delivering more of the same stage of the buyer's experience. This approach may be reasonable in emerging industries, where there is plenty of room for improving a company's utility proposition. But in many existing industries, this approach is unlikely to produce a market-shaping blue ocean strategy.

THE BUYER UTILITY MAP

The Six Stages of Buyer Experience Cycle

The Six Utility Levers

	Purchase	Delivery	Use	Supplements	Maintenance	Disposal
Customer Productivity			●			
Simplicity			●			
Convenience				●		
Risk						
Fun and Image	●					
Environmental Friendliness						

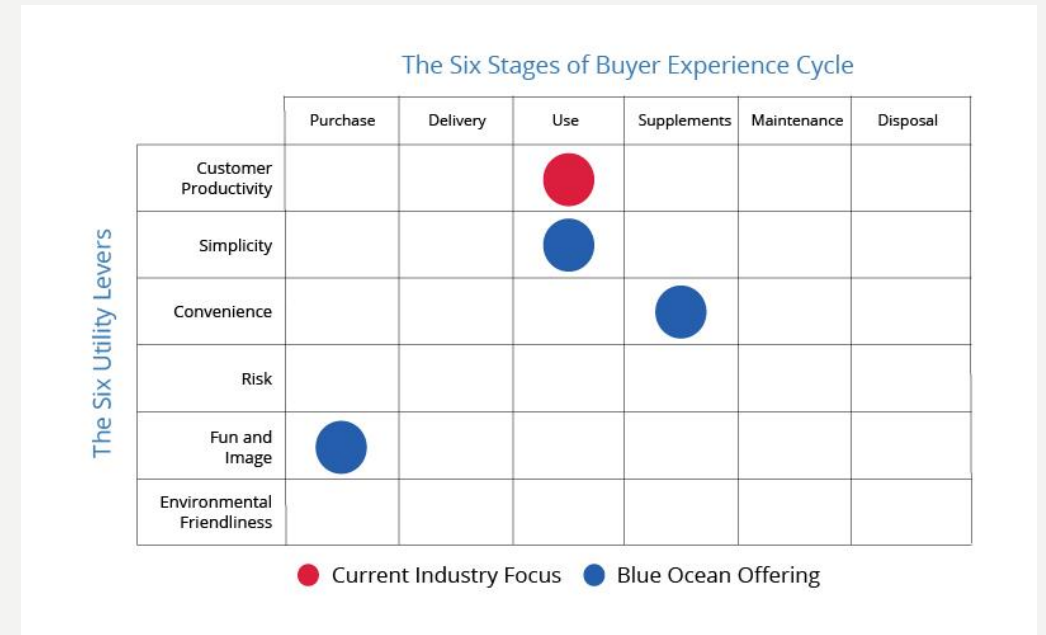
● Current Industry Focus ● Blue Ocean Offering

THE BUYER UTILITY MAP

It is the purpose of each and every business to focus on customer productivity and use (Red dot). However, most businesses are only focusing on that section and ignore all other possibilities for differentiation. This is where most of the competition happening and it is very difficult to differentiate. But by looking at the other parts of this table you can find new opportunities to bring value to your customers.

For instance, Pizza Domino added a delivery tracking system which customers could see their pizza driver. This simple move fits in Delivery and Fun & Image and brings value to customers and a great way to differentiate from pizza shops.

Think which boxes you can add to your business. There are 35 other boxes. If you add 1 or 2 is good to start!



WHAT IS BLUE OCEAN STRATEGY?

- Watch this video:



<https://www.youtube.com/watch?v=sYdaa02CS5E>

SETTING A STRATEGIC PRICE

- Define your best pricing model:
 - Give away for free, make money on advertising
 - Free product, bundled with paid services
 - Market pricing
 - Portfolio pricing
 - Razor & Blade model



THE SIMPLE RULE OF PRICING



ANOTHER WAY TO STAY COMPETITIVE: *WHAT IS YOUR COST TARGET?*

Another way to stay competitive is to reduce your costs. By lowering your costs you can offer better prices and more flexible terms to your customers.

Start by asking these questions: What is my cost target?

- How is your cost target related to your price?
- Can you replace the raw material with something less expensive?
- Can you outsource or eliminate low cost, low value added activities?
- Can you reduce cost by using technology?



Swatch successfully utilized cost reducing strategy by eliminating some steps and simplifying the manufacturing process. By saving in costs, they can offer better value to the customers and stay competitive with East Asian manufacturers.

LOOK FOR STRATEGIC PARTNERSHIP

- Find out the capabilities you need for your value proposition and which one you lack
- Who can offer them?
- Decide and approach which companies you want to be partner with

For example a wedding planner can make a strategic partnership with a photographer to add value to his/her business. They can bring more prospects to each other business as well.

GET CONSTANT FEEDBACK

- Feedback from potential customers can help you shape your business model

Customer feedback is information provided by clients about whether they are satisfied or dissatisfied with a product or service and about general experience they had with a company. Their opinion is a resource for improving customer experience and adjusting your actions to their needs. This information can be collected with different kinds of surveys, but you can also find opinions and reviews your clients post online, and collect them using Internet monitoring tools. Both sources are important to get a full picture of how your clients perceive your brand.



DISCUSSION AND COMMENTS

