

Business Evolution

This Free Masterclass Helps You Drive Innovation-Led Growth In Your Business

Market Analysis



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Overview: Market Analysis

What does the masterclass cover?

- Introduction
- Market Analysis Overview
- Market Analysis
- Market Research
 - Secondary Research
 - Primary Research
- External Factors Analysis
 - Market Value Chain
 - Market data
 - Market dynamics and risks
- Porter's Five Forces
 - Rivalry Among Existing Competitors
 - Threat of New Entrants
 - Threat of Substitute Solutions
 - Bargaining Power of Suppliers
 - Bargaining Power of Buyers



How does this help you?

This masterclass provides you with a comprehensive process that gives you an understanding of market trends and consumer behavior, enabling you to make strategic decisions that align with current and future market demands.

How does this accelerate your growth?

By identifying unmet needs and emerging opportunities in your market, you can innovate more effectively and capture market share faster than competitors, including exploring new markets with existing solutions.

How does this delight your customers?

Deep market insights allow you to tailor your products and services to exactly what your customers want, enhancing satisfaction and loyalty from both customers and investors.

How does this empower your team?

The market is inherently noisy. Vetted market insights help teams focus, make decisions faster, and drive growth in an efficient and collaborative way.

Where is this Masterclass available?

The free Market Analysis masterclass and playbook are available at:
<https://howdo.com/masterclass/plan/market-analysis/>

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Business Evolution

Masterclasses

Overview



Business Evolution Teaches You Innovation – for Free

What Is Innovation?

Innovation is the process of introducing new **solutions** to your business.

Solutions can be products, platforms, processes, services, technologies, experiences, and brands.

How Does Innovation Help You?

Innovation helps business leaders:

- **Grow revenue** by identifying untapped markets and creating new solutions. *E.G.: **Amazon** created the cloud computing category by launching AWS.*
- **Decrease operating costs** through automation, continuous improvement, supply chain optimization, and efficient resource use. *E.G.: **Toyota** reduced waste and costs with lean manufacturing and just-in-time inventory.*
- **Delight customers** by improving customer service, anticipating needs, and personalizing experiences. *E.G.: **Netflix** keeps users engaged with AI-based content recommendations, increasing engagement and reducing churn.*
- **Mitigate risks** by proactively identifying and addressing potential threats. *E.G.: **Siemens** uses AI-powered sensors to predict maintenance and prevent failure.*
- **Empower teams** to increase productivity by automating tasks while accelerating creativity. *E.G.: **Google**'s innovation policy led to the creation of two of their most popular products: Gmail and AdSense.*
- **Attract investors.** Investors prefer innovators. *E.G.: The most innovative companies are consistently the most valuable companies: **Alphabet (Google), Amazon, Apple, Meta (Facebook), and Microsoft.***

Business Evolution Gives You a Comprehensive Curriculum

These **Free** Masterclasses Walk You Step-By-Step Through the Innovator's Journey

01

Mindset



Develop the mindsets that drive business innovation and growth.

- [Growth Mindset](#)
- [Resilience](#)
- [Continuous Learning](#)
- [Data-Driven Decisions](#)
- [Customer Obsession](#)

02

Plan



Grow your business by designing solutions that customers need.

- [Customer Analysis](#)
- [Competition Analysis](#)
- [Market Analysis](#)
- [Solution Analysis](#)

You Are Here

03

Tools



Boost growth using proven tools from top companies.

- [Key Performance Indicators](#)
- [Weekly Business Reviews](#)
- [Product Management](#)
- [Startup Accelerator](#)
- [Business Incubator](#)
- [Mergers and Acquisitions](#)
- [Research and Development](#)

04

Team



Build talented teams that act with urgency to drive growth.

- [Talent Acquisition](#)
- [Corporate Culture](#)
- [Team Experience](#)
- [Mentorship](#)
- [Communities of Practice](#)

Accelerate your growth with educational videos, full text, and masterclass updates.

Register today on <https://howdo.com> or follow HowDo on [YouTube](#), [LinkedIn](#), [Facebook](#), [X](#) and [Reddit](#)

Business Evolution was Created by an Innovation Expert

West Stringfellow created Business Evolution.

West has over 27 years of experience growing startups and Fortune 500s with innovation:

- **Innovation Leader**
 - **Amazon:** Senior Product Manager
 - **PayPal:** Senior Director, Product & Platform Innovation
 - **Rosetta Stone:** Chief Product Officer
 - **Target:** Vice President, Innovation and Entrepreneur in Residence
 - **Techstars:** Created & led the Techstars + Target Startup Accelerator
 - **Visa:** Vice President, European eCommerce & Innovation
- **Inventor:** Awarded five patents for advertising, payments, and social technologies
- **Entrepreneur:** Sold two patents to a Fortune 50 company
- **Coach:** Empowered hundreds of entrepreneurs, executives, and teams

West founded HowDo in 2017 to democratize innovation.

Dear Innovator,

To help you grow your business using innovation, I'm excited to offer you HowDo's **free** Business Evolution Masterclasses.

These Masterclasses contain actionable insights that you and your team can use to grow your business today. They distill the growth formulas used by the world's most innovative companies into step-by-step guides designed to transform your business ideas into profitable realities.

Having spent nearly three decades navigating the highs and lows of innovating in Fortune 500s and bootstrapped startups, I designed these Masterclasses to work for your business, regardless of size or budget.

I am sharing these Masterclasses as part of my ongoing commitment to democratize innovation.

Wishing you the very best,



West Stringfellow

Founder & CEO, HowDo
Creator, Business Evolution



Plan

Market Analysis

Introduction



Target Market for this Course

Market analysis is aimed at executives, innovators, entrepreneurs, and students who want to have a better understanding of the market and its dynamics.

This will allow you to make an informed decision on a possible business opportunity in a market.

Keep in mind

01

Regardless of the stage in which you are in your venture, it is of fundamental importance that you are clear about how the market works and how value is created in the market where you compete or may compete in the future.

02

When it comes time to make an important business decision or implement a strategic plan, companies often turn to a toolbox of resources to help determine the best possible course of action

03

One of the most important tools in this box is the market analysis – an assessment that incorporates both quantitative and qualitative data, that will help you paint a clear picture of the tangible and intangible factors at play in an industry



You will maximize your chances of success as well as minimize the strategic risks (or at least have a plan to mitigate them) when entering a particular market

In Market Analysis you will Consider 3 Types of Clients

End-customer



The first customer is the end customer of your business idea, as you will be able to fine tune the solution that will satisfy a particular need for the customer

Yourself



The second customer is the learner of this course, that would be you, and you should not waste time by focusing on other activities at this point, time is the only non-renewable resource at your disposal, and Market Analysis will help you bring focus and get your head into your own market

Investors and VCs



The third customer is the investor to whom you must sell your idea, so you can obtain funding that is favorable for you and for the future of your business.

Focusing on The Investor

While you should always focus on all **3 types of clients**, it is the investor who you should focus this study on

Keep in Mind



A good market analysis will give you valuable insights for your business financial model, and you will be able to determine the resources you will need to compete effectively in the market.

01

Knowing the market and its dynamics in depth will give you greater credibility when presenting your business idea to investors and / or other means of financing

02

Remember that the capacity to attract funding for your business will be based on your credibility and that of your team

→ You will be evaluated whether you can anticipate any possible movements that may affect your business

03

Interview investors who are in the market as they have 'skin in the game', their insights will provide key data points for your analysis

Remember that the credibility of your market analysis (and in turn your own credibility) depends on the credibility of your sources, it is critical you base your decisions on insights from credible sources

Who'll Be Performing The Market Analysis

While it is possible to try to perform your own market analysis, you can also choose to **turn to qualified market research providers**

In this situation there is a tradeoff between speed vs. your knowledge on the market

Your knowledge on the market

- By doing your own market analysis, you will gain a much better understanding of the market
- You will be able to debate your numbers and insights extracted from the market to an investor
- This process takes more time



Speed

- By purchasing or turning to third party reports, you will quickly gain access to key market data
- They quickly provide small and large-scale industry insights backed by decades of experience and expertise

Remember that the credibility of your market analysis (and in turn your own credibility) depends on the credibility of your sources, it is critical you base your decisions on insights from credible sources

Reasons for Conducting a Market Analysis

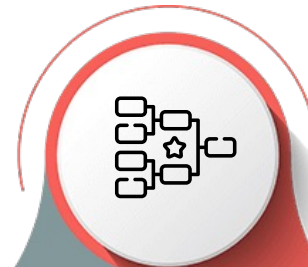
A comprehensive market analysis forms the basis of the **development of a market strategy and concrete market actions**

If you want your business plan to be successful, you will need to carry out a market analysis.
Further reasons for conducting a market analysis:

With a market analysis, you can back up your business idea with figures, data, and facts, and therefore provide a convincing business plan to investors



You can identify any existing knowledge gaps and fill them in on time



With a market analysis, you can identify the market entry barrier and estimate the market attractiveness



A market analysis shows you which competing solutions are already on the market



You can recognize market potential at an early stage and avoid making the wrong decisions



Extraordinary Insights

By the end of this course, you will have learned how to **perform a market analysis that will enable you to make an informed decision to enter or not a particular market**

Market analysis provides extraordinary insights to identify gaps in the market, assess risks and determine the best course of action for your business

01

You will develop a clear understanding of the market value chain

02

You will have fully backed and credible key data about the market and its participants

03

You will have analyzed the dynamics that move the market and assessed the different factors in the context of the market that might have a significant impact on your business

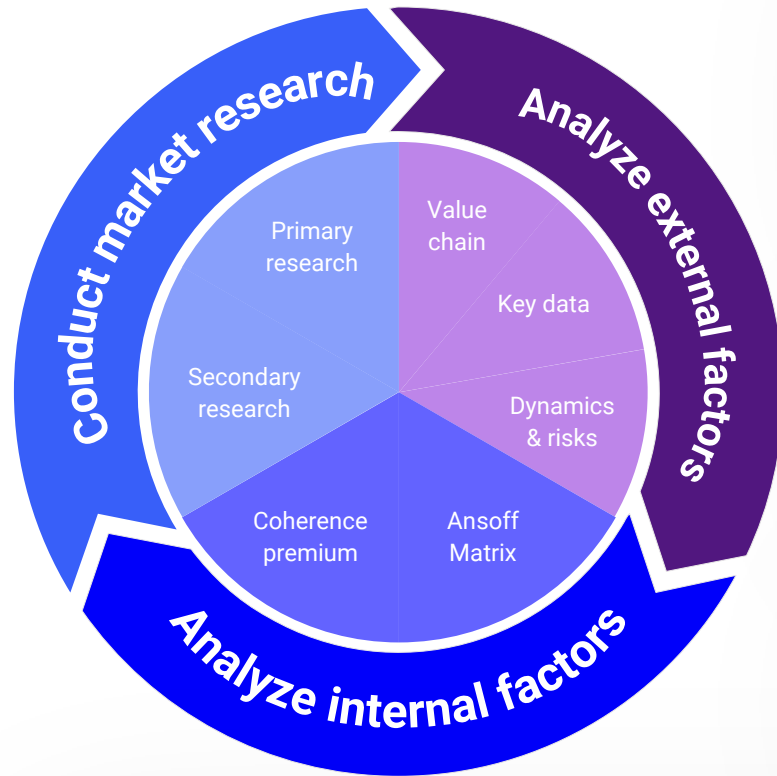
04

You will have analyzed the internal factors of your company by assessing a market opportunity a market and informing decision-making about whether to enter that market



Finally, this is not a linear process, and it takes many iterations to do it right, you will find challenging yourself and your sources when analyzing all the information, going back to gather more data, and then forth to modify your hypotheses on the market

The Market Analysis Involves an Iterative 3-steps Methodology



The **first step** of the methodology involves conducting market research (primary and secondary) to gather both quantitative and qualitative data that will allow you to gain a clear understanding of the market, to extract multiple market data points from credible sources



The **second step** of the methodology involves analyzing external factors to your company to assess the market dynamics and its strategic risks



The **third step** of the methodology involves looking at internal factors to the company to assess whether there is a market opportunity, and you have the right to win at it.

Remember, it is not a linear process, and it takes many iterations to do it right.
Feel free to simultaneously work through some of the steps of this guide, whichever order you feel is best for you and your company.

Working Documents Created from Market Analysis

To maximize efficiency, you can simultaneously work through many of the elements of this lesson. Read through the entire lesson, create a plan, and then begin to complete your research and apply the discussion guide questions to your interviews, updating these documents

Keep in Mind



01

During this analysis you will want to be able to refer to screenshots, downloads, conversations, insights, random thoughts and anything you learn that can inform your understanding of the market

02

As you grow your company, you will want to be able to frequently refer to these notes

03

Should you make it to market, you will want to have an archive of this information so that you can understand how things have changed over time. It is these longitudinal trends that often produce the insights that provide durable competitive advantages to companies

04

By **completing HowDo's Market analysis course**, you will be **building tools that you can use every time you need to make a decision or analyze your direction**. Those tools include:

- Market sizing spreadsheet
- Business opportunity assessment tool
- Porter's 5 forces analysis

Plan

Market Analysis

Secondary Research



Overview

Secondary research can help you complete a sweep of published data, consulting a **full range of sources** to extract both qualitative and quantitative data and other indicative insights



Secondary research is an easy place to start when starting a new research project. It can vary in credibility depending on where the data is coming from and who is sharing research

Centrally Published Data

You will be reviewing the following published data

01

Centrally published data



For market data:

Not all markets / countries have centrally published data for each industry. However, it is important to check this type of data first, as it may give you total market figures that you can then use as you move forward with the study. Types of Centrally Published Data include:

- Government / official statistical authorities (e.g., total payments made on cards)
 - A good source for these kinds of figures are national statistics authorities or central banks
 - Often, you can download the centrally published figures as an adaptable spreadsheet
 - When data is available, this can give you a figure for the total market size, as well as historical data
 - Some countries also break this data out on a regional level, which is useful if you are trying to calculate the size of a sub-region.

For financial and venture capital data

- You may also refer to the following sources for access to centrally published data:
 - Pitchbook, CBinsights, Crunchbase, F6, Incubator cohorts, NSF startup grant recipients, and VC portfolios such as Sequoia, Social Capital, First Round Capital, Founders Fund, Greylock Partners

NOTE: Centrally published data may not give a full picture of the market you are trying to size (e.g., if you are looking at payment cards, a central bank may give the total spend volume in that market but would not split it between consumer cards versus commercial cards versus credit and debit cards. It may also only look at spend on domestically-issued cards, so make sure you double check what each published source covers – you can check this by speaking to the centrally published source, as they are typically happy to field questions)

Competitor Annual Reports

You will be reviewing the following published data

02

Competitor annual reports



Annual reports / financial reports / tax filings

- Often, each competitor will publish their results in their annual report. However, this may be for the company at a global level and the figures do not break out your local market.
 - If the figures are for a global level, still note them down as this can be used during primary research
 - The annual reports can often be saved as a PDF file which you should do for further easy reference
- Often, competitors (public companies) publish their key financial metrics such as customer acquisition lifecycle, customer lifecycle value, cash on balance, OPEX and CAPEX
- Some competitors may break results out for individual regions, which may be helpful if you are looking at a more localized market size
 - If they have individual regional figures, these can be used where total market size is available, to calculate an initial market share (by finding out the percentage this competitor accounts for from the centrally published total market size)
 - If figures are available and you are trying to calculate growth, go a step further and locate and download competitors' previous annual reports so that year-on-year growth can be calculated (this is often also shown in the annual report / financial report)

NOTE: Not all competitors will have annual reports / financial reports, especially the smaller ones. This is because these documents are usually only created where a company is listed and has multiple shareholders.

- If a competitor does not have an annual report / financial report, try to locate any tax filings, as this can also show their revenue per year

Investor Presentations

You will be reviewing the following published data

03 Investor presentations



- Many listed companies also have investor presentations available in the investor relations section of their company website
- Investor presentations may help you gauge the size of the market and other key data points about the market, as they usually publish their own research material
- Investor presentations often make the competitor's revenue and growth clearer and sometimes show direct comparisons with their competitors, as well as their own market share
- Investor presentations are a useful tool for researching larger competitors, as they allow you to directly compare their figures with any published data from other competitors (and yourself)
- Investor presentations may also help you identify other competitors that you had not come across in your initial research
- Investor presentations may also introduce senior-level employees who you can approach for an interview during the primary research phase

NOTE: Investor presentations are likely only going to be available for larger competitors.

Competitor Websites

You will be reviewing the following published data

04 Competitor websites



- They may also provide financial information such as revenues and overall financial performance.
- Monitoring their websites will give you a more robust, overall look at what they are doing and how well they are doing it
- You will discover the keywords they are targeting
 - ... their ranking, their most popular content, the links they are getting.
- Competitor websites should also list out the specifications of their solutions

Industry Press Articles

You will be reviewing the following published data

06

Industry press articles



Articles from publications, specifically for the industry, along with national and local press articles.

- Often, industries have their own publications or magazines which also have an online presence (e.g. publications for the food industry)
 - These publications often have articles citing reports or industry announcements regarding market performance or market size
 - Industry publications often report on market trends and the dynamics at play
 - They also often provide news and contextual analysis of the external factors that have an impact on the market
- Any figures taken from industry publications should be taken with a pinch of salt, as they are likely to be taken from different sources. They should be cross validated with centrally published data and data obtained from primary research
- Industry press articles may also introduce senior-level employees who you can approach for an interview during the primary research phase

For competitor products / overall strategies, you are encouraged to seek out press articles when analyzing competitors to help uncover

- A good source of industry reviews of solutions and competitor profile
- Whether competitors are launching new strategies (e.g., entering new markets, creating more flexible pricing, targeting new segments, etc.)

NOTE: Not all industries will have publications and not all competitors will be covered by industry publications

Third-party Reports

You will be reviewing the following published data

09 Third-party reports



Third party reports (where available, often for a fee).

- Several companies (e.g., Euromonitor, Gartner) publish and sell industry market reports online, showing relevant market data and share
- These often retail for several thousand dollars, so can be an expensive purchase
 - Often there may be conflicting data between different report providers due to differing research methodologies, so any data gleaned from published reports should be further verified through primary research
- Sometimes it is possible to access these reports or an excerpt from the reports for free.

NOTE: Third party reports are not available for every industry

LinkedIn & GitHub

You will be reviewing the following published data

11

LinkedIn & GitHub



LinkedIn

- LinkedIn can be used to search for industry contacts to interview in the primary research phase
- LinkedIn can also help verify whether contacts sourced through articles and websites are still working for the competitor
- You can also find the competitor company's profile on LinkedIn where more engaged companies publish press releases and other articles
- Senior employees, who are active on LinkedIn, often publish articles and thought pieces on LinkedIn, which can give you further insights into market size and performance

GitHub

- GitHub is a similar platform, primarily focused on software developers, but can be a great source of information (and contacts) for new startups / market entrants with a strong tech-focus.

Secondary Research

When documenting insights from primary research, **we recommend using excel or google sheets to keep the information centralized**

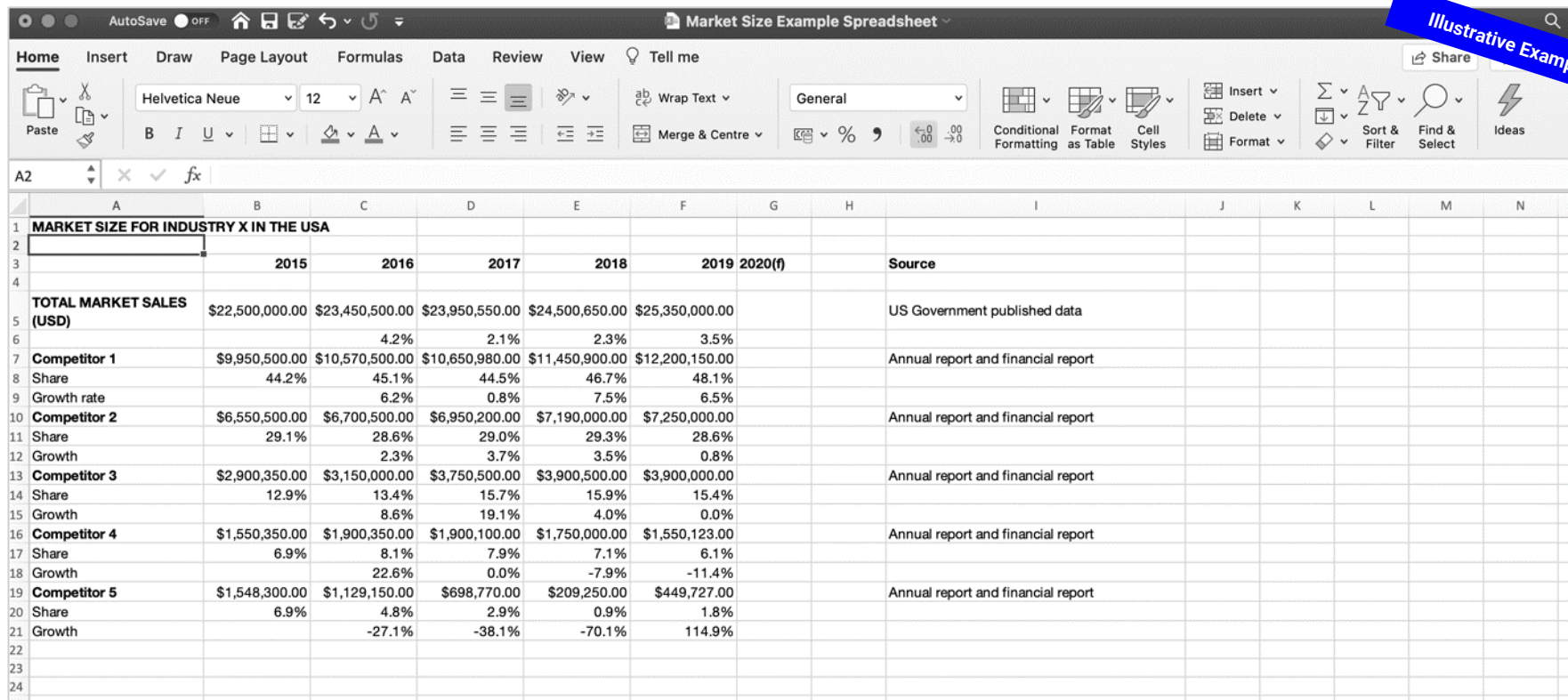
Add as many rows as insights that you gather. This way you will be able to organize, categorize and share your findings with the rest of your team as you perform the secondary research. You can also adjust the levels of insights that will help you organize the findings, and change the taxonomy to your needs and preferences

[illegible]

Market Sizing Template

Once you complete your market sizing research, you can create an excel sheet with total market size data

Input total market sales and calculate share and growth for each competitor over time.
This does not enable you to forecast for the future, but does provide an initial market snapshot



MARKET SIZE FOR INDUSTRY X IN THE USA

	2015	2016	2017	2018	2019	2020(f)	Source
TOTAL MARKET SALES (USD)	\$22,500,000.00	\$23,450,500.00	\$23,950,550.00	\$24,500,650.00	\$25,350,000.00		US Government published data
		4.2%	2.1%	2.3%	3.5%		
Competitor 1	\$9,950,500.00	\$10,570,500.00	\$10,650,980.00	\$11,450,900.00	\$12,200,150.00		Annual report and financial report
Share	44.2%	45.1%	44.5%	46.7%	48.1%		
Growth rate		6.2%	0.8%	7.5%	6.5%		
Competitor 2	\$6,550,500.00	\$6,700,500.00	\$6,950,200.00	\$7,190,000.00	\$7,250,000.00		Annual report and financial report
Share	29.1%	28.6%	29.0%	29.3%	28.6%		
Growth		2.3%	3.7%	3.5%	0.8%		
Competitor 3	\$2,900,350.00	\$3,150,000.00	\$3,750,500.00	\$3,900,500.00	\$3,900,000.00		Annual report and financial report
Share	12.9%	13.4%	15.7%	15.9%	15.4%		
Growth		8.6%	19.1%	4.0%	0.0%		
Competitor 4	\$1,550,350.00	\$1,900,350.00	\$1,900,100.00	\$1,750,000.00	\$1,550,123.00		Annual report and financial report
Share	6.9%	8.1%	7.9%	7.1%	6.1%		
Growth		22.6%	0.0%	-7.9%	-11.4%		
Competitor 5	\$1,548,300.00	\$1,129,150.00	\$698,770.00	\$209,250.00	\$449,727.00		Annual report and financial report
Share	6.9%	4.8%	2.9%	0.9%	1.8%		
Growth		-27.1%	-38.1%	-70.1%	114.9%		

Market Analysis

MARKET RESEARCH

Primary Research



Overview

Data is validated by using sourced data as prompts in other interviews and challenged with initial respondents in subsequent interviews. The process can take 2-3 weeks, depending on their availability

To perform primary research, you need to follow these steps that will organize the research process to gain speed and accuracy for the analysis



The Purpose of the Primary Research

The first step in gathering primary research with key stakeholders is to **determine the purpose of why you are doing it**

01

Determine the purpose for the primary research



Below some of the reasons:

- Gather intelligence on the market from industry experts
- Know the critical success factors of the market from the stakeholders' point of view
- Understand customer perceptions of competitors in the market
- Assess competitors views on the market size and trends
- Know the supplier's views on the market
- To better understand customer needs and understand where there are gaps in the market (so more fully understanding the strengths and weaknesses of competitors)
- To ask customers who they view as competitors and uncover competitors you may not have heard of.

The Design of a Discussion Guide

Design a discussion guide to use when you are speaking with key stakeholders

Below we present the key questions to ask to uncover insights from the market actors

02

Develop a targeted discussion guide



TO INDUSTRY EXPERTS:

- According to xxxx source, the market size is \$\$\$\$\$, would you agree? What do you think the market size is? What is your reasoning behind the number?
- What is the outlook of the market? How do you expect the market to grow/decline in the future?
- What would you consider the three critical success factors in this market?
- Who are the main players of the market?
 - What do you think their market share is?
 - Is there a major difference between their competitive positioning? How do they compete?
- Is there a major aspect on the context of the market that may affect its future? Why?
- How is the segmentation of customers in this market? Why?
- What segments should active companies in this market be targeting to achieve additional growth? Why?
 - How has this changed over time? Why have there been changes?
- What is the competitive rivalry in the market?
- Is there a risk of vertical integration from suppliers or customers in the market? Why?
- Which companies target segments well and what has made them successful?
- Besides you, what other industry experts would you recommend we talk to?

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02

Develop a targeted discussion guide



TO CUSTOMERS:

- What would you consider the three critical success factors in this market?
- What solution do you currently use to solve your problem?
- Is the solution relevant to the you?
- From what companies do you buy?
 - Why do you buy from these companies?
 - How often do you buy from these companies?
 - What is the biggest problem this company solves for you?
- How about competitors? Have they changed anything that they do?
- What solutions do you use from (competitor name)? Why do you use them?
- In your view, what does (competitor name) do very well? Why is this?
 - What do they do badly? Why is this?
- What do you need that none of these competitors offer? Why is this?
 - If another competitor were able to offer this, would you consider switching?
 - If you decided to switch to another company, would it be too difficult to do so? Why?
- What new startups have you been using that offer a similar solution and why do you use them? Are they directly competing with your current supplier?
- Do you see (startup name) becoming a competitor in the future?

The Design of a Discussion Guide

Design a discussion guide to use when you are speaking with key stakeholders

Below we present the key questions to ask to uncover insights from the market actors

02

Develop a targeted discussion guide



TO COMPETITORS:

- What would you consider the three critical success factors in this market?
- What solutions do you offer?
- To whom do you target your solutions?
 - How has this changed over the last few years and how do you see this changing in the next few years?
- In what geographic areas do you operate? Is this for all solutions?
- What would you say are the current key trends in the market?
 - How have market trends changed over the last few years? Is the future trajectory a continuation of this?
 - How do you see these trends changing over the next few years?
- How about your competitors? Do they offer the same solutions? What do they offer?
- What do competitors do better than you? What do you do better than them?
- How have competitor value propositions changed over time? Do you see this changing in the future?
- What do you think the central government would state is the total market size in your industry?
- According to your annual report, your sales are \$XXX. Based on the total market size, what percent would you say your share is? Over the last year, what percent has your growth been?
- If data is not published:
 - What would you estimate your total sales as being?
 - (If giving total data is too sensitive) What would you estimate your market share as being? How has this changed over the last few years?
- What would you estimate the share of your competitors as being? How has their growth been?
- How would you estimate growth this year? How has this differed from previous years?

The Design of a Discussion Guide

Design a discussion guide to use when you are speaking with key stakeholders

Below we present the key questions to ask to uncover insights from the market actors

02

Develop a targeted discussion guide



TO SUPPLIERS:

- What would you consider the three critical success factors in this market?
- How easy it is for you to increase prices?
- If a customer decided to switch to another supplier, how expensive would it be to switch?
- What has been your market's evolution recently? What is the outlook of your market?
- What are the major risks involved in supplying to your customers?
- Who are the major suppliers in the market? What is their market share?
- What type of solution do you offer to your customers? Is it differentiated or undifferentiated?

The Design of a Discussion Guide

Design a discussion guide to use when you are speaking with key stakeholders

Below we present the key questions to ask to uncover insights from the market actors

02

Develop a targeted discussion guide



TO INVESTORS:

- What would you consider the three critical success factors in this market?
- According to xxxx source, the market size is \$\$\$\$\$, would you agree? What do you think the market size is? What is your reasoning behind the number?
- What is the outlook of the market? How do you expect the market to grow/decline in the future?
- Who are the main players of the market?
 - What do you think their market share is?
 - Is there a major difference between their competitive positioning? How do they compete?
- Is there a major aspect on the context of the market that may affect its future? Why?

Starting the Interview Recruitment Process

Once your questions have been prepared, you can start the interview recruitment process

03

Formulate a strategy on how to recruit interviewees



- This is typically done building on contacts you have already found on LinkedIn / GitHub or in articles during the secondary research stage
- Industry experts are typically found at trade bodies, universities and research companies, and they will have a strong focus on your industry and market
- There are often local and national trade bodies in each country for most industries. If you are a member of any industry-specific organizations, try to leverage your membership to access an expert
- An additional way to find industry experts is to pay a professional panel service (e.g., GLG, Guidepoint Advisors) to provide you with access to a qualified industry expert / veteran who will partake in an interview for a fee

In the case of investors and VC's:

- Because they rely on their networks to source opportunities, you should research who belongs to a VC's network and try to get an introduction from someone in it
- Keep in mind the management team weighs so heavily in investment decisions, so you should think carefully about how to present yourself in the best possible light when you do meet a VC.

Reach Out To Potential Interviewees To Set The Meetings

04

Reach out to potential interviewees



Some stakeholders may be reluctant to speak to you and will not be comfortable sharing non-public information, especially if you are reaching out to a competitor

- Recommended option: work anonymously as an 'external consultant' and state that you are trying to build up a better understanding of the market to better serve clients now and in the future
 - If you are taking the consultant route, especially if there are often confidentiality clauses in your industry, consider using a third-party consultant or worker (e.g., intern / student) to make the calls using a non-company email address for contacts
- A further good practice in the case of competitors, which can help them feel more comfortable when speaking, can be to promise them something in return – this can often be top level data summaries from the study (especially if not published in other sources) that they can use to benchmark themselves against
- You can be open and honest to start with and say that you are from a company in the market but are working to understand the market better

Reach Out To Potential Interviewees To Set The Meetings

04

Reach out to potential interviewees

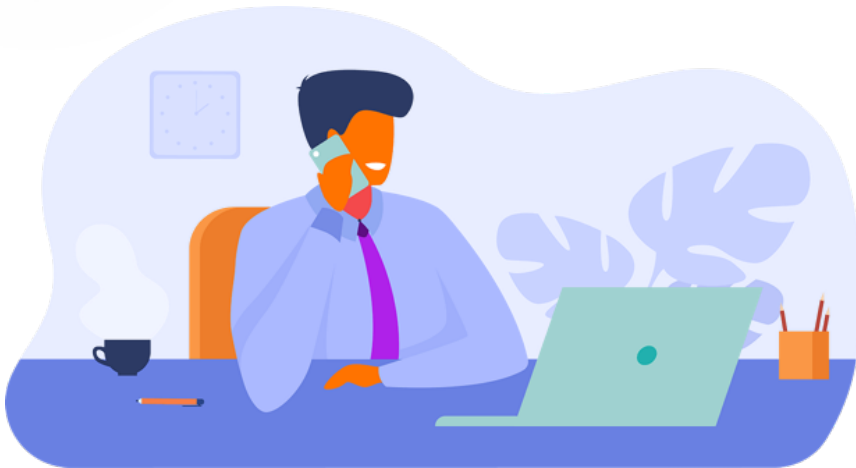


- When reaching out to stakeholders, consider sending them an email through LinkedIn or GitHub – these are often viewed and replied to – from this point, you can arrange a date and time to speak over the phone
 - If the email address is published, try sending them an email
 - If the email is not published, try to find out what the common email format is at their company (it could be something like `FIRSTNAME.LASTNAME@company1.com` or some variation)
 - ... this can be found by looking at the format for emails on Investor contact pages, then adapt it to the name of the person you are trying to reach.

Reach Out To Potential Interviewees To Set The Meetings

04

Reach out to potential interviewees



- A direct call can start the conversation if you have their direct number and cannot get through on email
- Alternatively, you can try calling the company switchboard and get put through to them (this often results in call screening, and you will probably be asked to leave a voicemail)
 - When you reach a voicemail, leave a message, stating you will wait a day or two and call back if you do not hear from them. A person who has been left a voicemail is more likely to pick up from an unknown number when they know that this is a person who has left them a message
- Set up a time and date that is convenient for them to have a longer, in-depth conversation with you either by phone, or electronic means (e.g., Zoom / Skype). If you are working through the previous steps, it can often be more efficient to combine all the interviews into one, to save their time and your time

Conduct The Interviews, Collate Information And Begin The Analyses

05

Collate information and analyze



During the interview, ensure you ask all the questions that you have prepared in the discussion guide

- Once you have completed this primary research, you should note down all interview responses and begin to compile this in a word document or create slides to summarize your findings from each stakeholder (this is an easier way to do this and will allow you to share information more rapidly with your colleagues)
- Compare and contrast what they are telling you about the market
 - Remember credibility is key
 - Pick the most credible sources for your analysis
 - Discard the sources with the least credibility
- Once you have analyzed responses from the first round of interviewing, cross-check data obtained through secondary research

Primary Research

When documenting insights from primary research, we recommend **using excel or google sheets to keep the information centralized**

Add as many columns as questions that you have. This way you will be able to organize, categorize and share your findings with the rest of your team as you perform the primary research

Illustrative Example

[illegible]

Plan

Market Analysis

External Factors



Putting Together All The Pieces of the Puzzle

The second step of the methodology involves **analyzing external factors to your company to assess the market dynamics and its strategic risks**

This is the part where you start putting together all the pieces of the puzzle as you perform the market analysis

Market value chain analysis

Examine the various stages of a product's production, from raw material procurement all the way through the final purchase by end-users

- Identifying your place in the chain
- Evaluating the strengths of chain actors
- Identifying competitive opportunities in the value chain



To facilitate your understanding of the concepts, we have selected WeWork as our case study for the lessons in the course

Putting Together All The Pieces of the Puzzle

The second step of the methodology involves **analyzing external factors to your company to assess the market dynamics and its strategic risks**

This is the part where you start putting together all the pieces of the puzzle as you perform the market analysis

Market data

Gather quantitative and qualitative data about the industry

- Market sizing (TAM, SAM, SOM)
- Customers
- Competitors
- M&A activity
- Suppliers
- Critical success factors



To facilitate your understanding of the concepts, we have selected WeWork as our case study for the lessons in the course

Putting Together All The Pieces of the Puzzle

The second step of the methodology involves **analyzing external factors to your company to assess the market dynamics and its strategic risks**

This is the part where you start putting together all the pieces of the puzzle as you perform the market analysis

Market dynamics and risks

Understand the dynamics of the markets, the driving forces that will affect the demand side and supply side of the market

- Endgame curve model
- 3 horizons growth model
- Porter's 5 forces analysis
- P.E.S.T.L.E. analysis (political, economic, social, technological, legal, and environmental factors)



To facilitate your understanding of the concepts, we have selected WeWork as our case study for the lessons in the course

Plan

Market Analysis

External Factors: **Market Value Chain**



Overview

This analysis involves **examining the various stages of a product's production**, from raw material procurement all the way through the final purchase by end-users

Keep in Mind



Your analysis of this chain can help you improve profits by helping you understand where costs are accruing, where customer service is breaking down and why the competition is failing to provide solutions efficiently. A little time spent in analyzing this chain can boost your business

- The objective is to identify the behavior of costs and the areas for differentiation
- At a minimum you need to identify your place in the value chain, evaluate the strengths of chain actors, and identify competitive opportunities in the value chain
- Remember that the value chain analysis must be centered around the customers' needs, this means that you must identify additional markets value chains from indirect competitors or alternative solutions
 - For instance, if you are in the notes taking apps market, you will analyze the value chain of the notes taking app as well as the value chain of the pen and paper markets, as these are alternative solutions to notes taking, and significant changes in the pen and paper market value chain might affect your solution's market value chain

Source: Porter, Michael E. (1985), *Competitive Advantage: Creating and sustaining superior performance*. ISBN: 978-0-684-84146-5

Market Value Chain Analysis

You will **identify your place in the value chain**, **evaluate the strengths of chain actors**, and **identify competitive opportunities in the value chain**

With the information gathered through primary and secondary research, you will now perform a market value chain analysis, that includes the following:

01 Identifying your place in the chain

- Analysis of the market value chain begins by finding your place in the chain. For example, if you sell groceries, you have a grower, shipper, and a distribution warehouse ahead of you in the chain. You are next in line in the chain, just before the customer
- The farther you are down the chain, the more costs have been added to the solution. You pay all the costs for people ahead of you in the chain
- For our case study, WeWork's main business model is to lease real estate from the landlord, design it to their philosophies, partition it up into smaller workspaces and rent it out to individuals and firms (demand aggregation)



Market Value Chain Analysis

You will **identify your place in the value chain, evaluate the strengths of chain actors, and identify competitive opportunities in the value chain**

With the information gathered through primary and secondary research, you will now perform a market value chain analysis, that includes the following:

02 Evaluating the strengths of chain actors

- Each member of the chain must act in a manner that makes it possible to pass the solution forward. One weak member can cause the chain to break
- Look at the companies in your market value chain and identify any potential problems with one or more of them. You can reconstruct your chain by replacing the entire chain or by encouraging the removal of under-performers in your existing chain
- In the case of WeWork's market, with the rise of hybrid working models and the workforce looking for innovative ways to do their jobs, a trend became clear where entrepreneurs, freelancers, startups, and corporations needed more flexible leases from the landlords



Market Value Chain Analysis

You will **identify your place in the value chain, evaluate the strengths of chain actors, and identify competitive opportunities in the value chain**

With the information gathered through primary and secondary research, you will now perform a market value chain analysis, that includes the following:

03 Identifying competitive opportunities in the value chain

- Your analysis can result in an understanding of how you can compete better. For example, if you produce an item and you find that a regional distributor down the chain is routinely overcharging its customers, you can create your own distribution system. This will allow you to charge less than the distributor was charging while adding to your own revenues. Similarly, if you are a distributor and you find that a producer makes an inferior product, you can switch to a new producer and offer better quality to your customers.
- Going back to WeWork, along with other players in the coworking space, they identified an opportunity to offer flexible and short-term leases in addition to providing state-of-the-art office space to a generation of workers.



Plan

Market Analysis

External Factors: **Market Data**



Data Topics

The objective here is to **gather quantitative and qualitative data about the industry**

Through both secondary and primary research, you will be able to gather data on the following topics:

Market Sizing

Market size viewed in terms of TAM, SAM, and SOM



Customers

They will inform how you analyze the competition and the market



Competitors

Understand your competitors to find a gap in the market



M&A activity

Insights about the strategic drivers for the companies to engage in M&A



Suppliers

They will inform about future risks in the market



Critical success factors

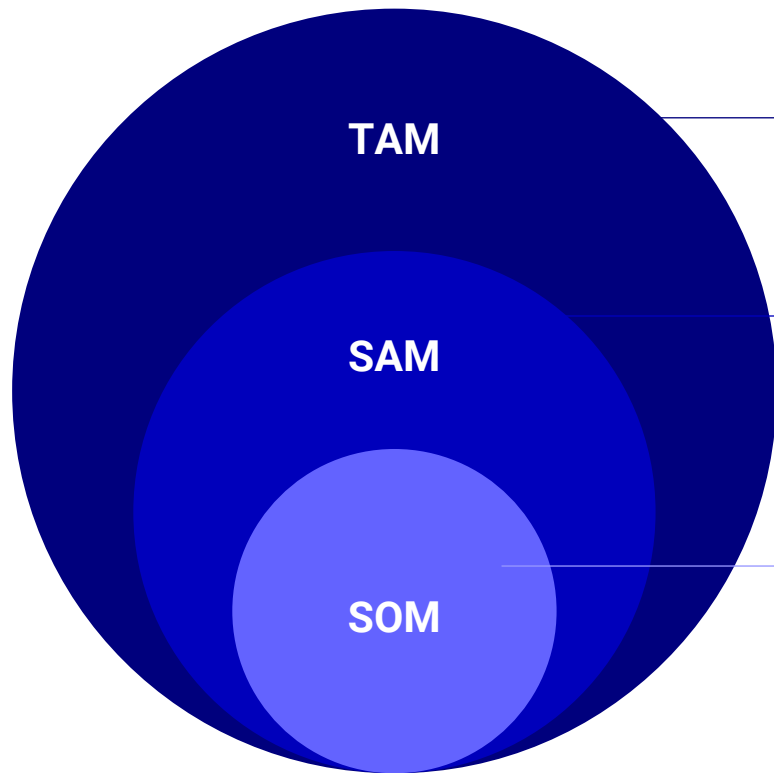
The important elements required for a company to compete in its target markets



Definitions

Pitch decks can have the tendency to ignore SAM and SOM and just try to hazard a guess for a TAM

Down the line, a failure to have a true guide of a TAM, SAM, and SOM, with considerations towards customer segmentation and competitive dynamics, can lead to disappointing outcomes and poor solution-market fit



TAM or Total Available Market is the total market demand for a solution. TAM can provide a framework for a market's potential and stability

SAM or Serviceable Available Market is the segment of the TAM targeted by your solutions which is within your geographical reach. SOM provides the maximum market value your company could potentially have

SOM or Serviceable Obtainable Market is the portion of SAM that you can capture based on your capabilities and your solution-market fit

The Importance of Market Sizing

Why is it important to do a market sizing analysis?

- While this section may sound too academic, the fact remains this information is an important input for every investor in any stage of the funding process
- Put yourself in an investor's shoes. You need to deliver a target return to your own investors which implies both de-risking the investment early (e.g., figuring with the minimum possible of capital if the start-up has a market) and investing in opportunities which offer substantial upside potential (e.g., huge market size)
- The SOM and SAM help de-risking the investment while the TAM enables to assess the upside potential



TAM: Collection Methods To Calculate It

There are 4 collection methods for calculating TAM:



01

TOP-DOWN APPROACH

- In the top-down approach you start at the very top of a macro data set and chip away at the data to find a market subset. You start with a population and then logically apply demographic, geographic, and economic assumptions to eliminate irrelevant segments
- The advantage of this method is that accurate and open statistics can be found for macroeconomic data. To name some sources: UN, OECD, The World Bank and CIA World Factbook

TAM: Collection Methods To Calculate It

There are 4 collection methods for calculating TAM:



02

BOTTOM-UP APPROACH

- This method involves working on a granular level to find data points that are extrapolated up to the wider population
- It is favored for being more accurate, because its basis is anchored around a proven data point, which can be magnified to uncover the whole TAM population
- A disadvantage of the bottom-up method is that due to the vast assumptions being made from a figuratively small subset, the TAM can be way off

TAM: Collection Methods To Calculate It

There are 4 collection methods for calculating TAM:



03

VALUE THEORY

- Top-down and bottom-up methods usually look at existing paradigms and assume that a new offering will fit into them. However, how could you assess the opportunity for, say, flying cars, when flying cars do not yet exist?
- For solutions that can evolve a market into a new state and/or provide value-add to different groups of consumers, the value theory may be the best option
- With value theory, you must assess how much a customer would be willing to pay for an improvement/evolution of a solution

TAM: Collection Methods To Calculate It

There are 4 collection methods for calculating TAM:

04

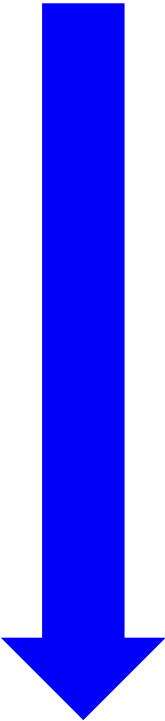
EXTERNAL RESEARCH

- An easy and quick way of finding a TAM is to reference professional data that has already been collected. Private research reports are expensive, but sometimes their headline figures are released into the public domain via press releases
- They are quick to obtain and within the laws of the division of labor, they are compiled by a more skilled professional with credibility
- The disadvantage of this method is that it is a black box in terms of how the number was calculated. You won't be able to defend the rationale behind the figures in front of an investor

TAM: WeWORK Example

In the case of WeWork we begin by scoping the service offering, **WeWork is in the market of providing workspace to service sector workers, on a subscription basis**

Among the 4 ways of calculating the TAM, we have chosen the top-down methodology.
Below we will explain the main steps in calculating the TAM:

- 
- The scope of analysis will cover the 35 members of the OECD and 5 additional countries where WeWork has operations
 - Using a combination of OECD and UN Data, we have calculated the percentage of the labor force working in services. This was then filtered to desk jobs using US Bureau of Labor Statistics data for the ratio of relevant subset desk jobs to the entire service sector
 - Using more OECD data, we have categorized the workforce by the size of the company that the employees work for. Here we assumed that smaller companies (1-9 employees) would use shared desks at WeWork, whereas companies of over 10 employees would use more expensive private offices
 - The average monthly price of a WeWork office is approximately \$ 400 for a shared desk, and \$ 650 for a private desk. Remember that TAM is calculated annually, therefore you must multiply by 12 to get the TAM figure
 - Then, by using OECD PPP (purchasing power parity) indices, we can adjust the US prices to the rest of the locations. We could also use average prices for each country where WeWork operates, but for the simplicity of this exercise, adjusting the US prices to the rest of the world will be sufficient
 - The overall TAM calculated for this set of 40 nations was \$ 1.437 trillion

TAM: WeWORK Example

Here you can review the detail of the calculations performed on an excel spreadsheet

Figures in millions

TAC = Total Available Customers

Country	Service sector Desk Jobs	% companies (1-9 employees)	TAC 1-9 employees	% companies (10+ employees)	TAC 10+ employees	PPP adjustment	TAM
China	93.09	29%	27.00	71%	66.09	60%	\$ 387,068
United States	40.22	11%	4.42	89%	35.80	100%	\$ 300,443
Brazil	16.80	22%	3.70	78%	13.10	65%	\$ 77,969
Japan	15.42	14%	2.16	86%	13.26	96%	\$ 109,248
Mexico	10.45	31%	3.24	69%	7.21	56%	\$ 40,203
Germany	9.67	19%	1.84	81%	7.83	91%	\$ 63,622
United Kingdom	8.37	18%	1.51	82%	6.86	102%	\$ 61,982
India	7.47	29%	2.17	71%	5.30	30%	\$ 15,530
France	6.74	29%	1.95	71%	4.79	95%	\$ 44,373
South Korea	6.08	44%	2.68	56%	3.40	91%	\$ 35,853
Colombia	4.98	29%	1.44	71%	3.54	65%	\$ 22,432
Canada	4.68	7%	0.33	93%	4.35	101%	\$ 35,876
Argentina	4.35	29%	1.26	71%	3.09	78%	\$ 23,513
Australia	3.06	44%	1.35	56%	1.71	117%	\$ 23,200
Netherlands	2.29	29%	0.66	71%	1.63	98%	\$ 15,552
Israel	0.98	20%	0.20	80%	0.78	119%	\$ 8,397
Other OECD	32.23	37%	11.93	63%	20.30	80%	\$ 172,495
							\$ 1,437,756

SAM: How To Calculate It?

Calculating SAM involves segmenting customers more stringently based upon what kind of offering they will deviate towards from their purchasing decisions

Keep in Mind

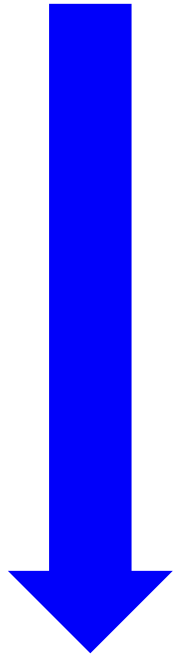


The SAM splices the TAM into the portion of the market that the company is looking to target with its specific solution. It is the opportunity that exists within its current capabilities and ambitions

- For a business to have a SAM equal to its TAM is unlikely; it would imply that it has (or wants to have) the reach and functionality to realistically service all potential customers
 - This mostly is not possible due to geography/culture, regulation, cannibalization, and finite resources
- For example, once upon a time, Amazon was just an online book seller
 - As it has grown in both scale and ambition, it has tackled more and more of the TAM of eCommerce, hence its SAM has risen
 - Its acquisition of WholeFoods also shows that it responds to the blurring of lines between online and brick-and-mortar commerce and delivery.
- Another example, a brand-new Italian Pizza restaurant opens in a bustling, up-and-coming neighborhood
 - Through secondary research you learn that the total average annual revenue from all restaurants (not just pizzerias) in the entire city is \$500m. That would be the TAM
 - Out of this \$500m, Italian restaurants accrue roughly 25% of the market revenue (\$125m). This figure represents the SAM

SAM: WeWORK Example

Within the TAM universe for WeWork, a proportion of the market will never use coworking spaces



- Some competitors brand themselves as a formal alternative to WeWork
- By analyzing WeWork deeper, a good hypothesis is that they are looking to serve entrepreneurs and businesses that can be defined as the creative type. To come up with this segment we would need to extract from the TAM the following:
 - People who live in rural areas
 - Employees working for companies with more than 250 employees
 - While large companies can use WeWork or other competitors, these cases are rare, and they serve a specific purpose for those companies
 - People without a degree
- Using these figures to narrow down the TAM, WeWork currently has a SAM of \$ 177 billion, 12% of its TAM.

SAM: WeWORK Example

Here you can review the detail of the calculations performed on an excel spreadsheet

Figures in millions

TAC = Total Available Customers

Country	Service sector Desk Jobs	% graduates living in urban areas	Total desk jobs in urban areas	% companies (1-9 employees)	TAC 1-9 employees	% companies (10-249 employees)	TAC 10-249 employees	PPP adjustment	SAM
China	93.09	6%	5.59	29%	1.62	39%	2.18	60%	\$ 14,859
United States	40.22	36%	14.48	11%	1.59	32%	4.63	100%	\$ 43,785
Brazil	16.80	11%	1.85	22%	0.41	39%	0.72	65%	\$ 4,923
Japan	15.42	40%	6.17	14%	0.86	42%	2.59	96%	\$ 23,377
Mexico	10.45	13%	1.36	31%	0.42	37%	0.50	56%	\$ 3,328
Germany	9.67	23%	2.22	19%	0.42	43%	0.96	91%	\$ 8,634
United Kingdom	8.37	35%	2.93	18%	0.53	35%	1.03	102%	\$ 10,739
India	7.47	1%	0.07	29%	0.02	39%	0.03	30%	\$ 99
France	6.74	27%	1.82	29%	0.53	34%	0.62	95%	\$ 6,991
South Korea	6.08	36%	2.19	44%	0.96	44%	0.96	91%	\$ 11,043
Colombia	4.98	18%	0.90	29%	0.26	39%	0.35	65%	\$ 2,584
Canada	4.68	44%	2.06	7%	0.14	50%	1.03	101%	\$ 8,810
Argentina	4.35	14%	0.61	29%	0.18	39%	0.24	78%	\$ 2,106
Australia	3.06	35%	1.07	44%	0.47	24%	0.26	117%	\$ 4,992
Netherlands	2.29	28%	0.64	29%	0.19	38%	0.24	98%	\$ 2,737
Israel	0.98	39%	0.38	20%	0.08	45%	0.17	119%	\$ 2,033
Other OECD	32.23	22%	7.09	37%	2.62	36%	2.55	80%	\$ 26,003
									\$ 177,043

SOM: How To Calculate It?

The final level of the analysis is the SOM, the market size that the business is realistically targeting to capture within the short term

Keep in Mind



At this point, we are appraising the resource factors and the competitive environment of the firm

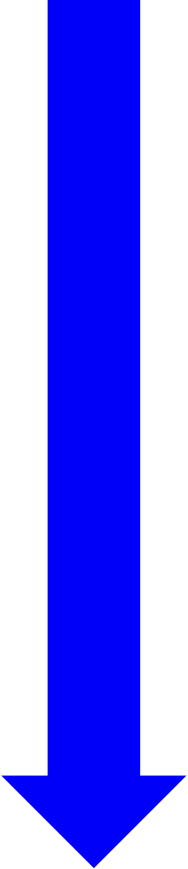
- To assess resources, one must look at the financial clout of the business and its human resources
 - What is realistically possible in terms of responsible expansion?
 - From a competitive landscape, this is where tried and tested methods like [Porter's Five Forces](#) can provide insight
 - How tough is it to crack the market?

To come up with a SOM, you can also try:

- Looking through historic performance and projection forecasts to look at where revenue could be in five years' time. That will give a waypoint to target
- Handpicking geographies or markets from the SAM and assigning a targeted market share percentage based on local competitive environments. If it is dominated by one player, it is likely to have monopolistic tendencies and projections should be facing south of 50%
- Referring to third-party research on the sector to ascertain how market share currently stands. The more distributed, the better in terms of being able to realistically win share from others

SOM: WeWORK Example

To calculate the SOM, we have reduced the list by removing all countries that WeWork was not in that had a potential customer base of less than 1 million people

- 
- The countries in the SAM are all rational choices for WeWork to locate, but to narrow its focus to obtainable and priority markets, we have reduced the list, by removing all countries that WeWork was not in that had a potential customer base of less than 1 million people
 - Therefore 24 countries were eliminated (other OECD countries). This reduced the SAM figure by \$26 billion.
 - Additionally, looking at the competitive environment of WeWork, we spot four groups of competition that exist to either attract current coworking members or convert workers from other habitats:
 - Other shared office providers (e.g., IWG) and rival coworking places (e.g., Impact Hub)
 - Private office rental, or remaining in employers' traditional offices
 - Coffee shops, cafes, libraries, and other free "work-friendly" places
 - Working from home
 - Assigning market share here between the 4 groups of competition is subjective. Remember that your assumptions must be backed by credible sources, so it's important to thoroughly research before making any assumptions on the market.
 - For the simplicity of this example, we will assume that each segment of the competition has 25% of the market. Therefore, the calculation would be the following:
 - \$177 billion – \$26 billion = \$151 billion => SOM = 25% * \$151 billion = \$ 37.8 billion

Customers

It is important to gain a precise understanding of your customers, they will inform how you analyze the competition and the market

Key questions to ask



Refer to HowDo's Customer course to extract data points that will help you answer key questions about customers, such as the following:

- Is the customer's market heavily concentrated?
- Do customers purchase large volumes relative to seller sales?
- Does the market solution represent an important fraction of the customer's costs or purchases?
- Are the solutions in the market differentiated or undifferentiated regarding the buyer?
- Does the market face few switching costs for the customer?
- Is the solution relevant to the customer?
- What is their net income and cash on balance?

Remember to document the answers to these questions on an Excel spreadsheet (or Google Sheets), according to your preferences and needs. What is most important is to clearly identify the sources of information so you can refer to them.
Once the analysis has been completed, you can summarize the insights on a PowerPoint presentation to share with your team

Competitors

The purpose of a competitor analysis is to **understand your competitors' strengths and weaknesses** in comparison to your own and to find a gap in the market

Keep in Mind



Refer to HowDo's Competitors course and its insights. Basically, the objective here is to **extract key financial information from your competitors, such as revenues, market share, profitability, cash on balance, OPEX, CAPEX, customer acquisition costs, and customer lifecycle value**

- In ever-changing markets, there are always new innovative ways to expand your strategy to stay ahead of your competitors as well as keeping the attention of your customers
- A competitor analysis is important because:
 - It will help you recognize how you can enhance your own business strategy
 - It will tell you how you can out-do your competitors in these areas to keep your customer attention
 - Resulting in a competitive edge over others in your sector

Remember to document the answers to these questions on an Excel spreadsheet (or Google Sheets), according to your preferences and needs. What is most important is to clearly identify the sources of information so you can refer to them.
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M&A Activity

You need to understand the strategic reasons behind companies that engage in M&A transactions

Mergers and acquisitions 'M&A' is a general term used to describe the consolidation of companies or assets through various types of financial transactions, including mergers, acquisitions, consolidations, tender offers, purchase of assets, and management acquisitions

Why you need to analyze M&A activity

- You need to understand how companies are raising their competitive positioning and imagine the future move of these companies should you enter the market and become a direct competitor
- In this section you will put your CEO hat and think very slowly about strategy and how the market might play out in the future
- By analyzing the M&A activity in a market you will understand first-hand about the competitive rivalry and how competitors have been growing in the market as it evolves in its lifecycle
- You will also gain key insights about the strategic drivers for the companies to engage in M&A to raise their competitive positioning



Remember to document the answers to these questions on an Excel spreadsheet (or Google Sheets), according to your preferences and needs. What is most important is to clearly identify the sources of information so you can refer to them.
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How you will do it

- Throughout this analysis you will build a timeline of M&A transactions in the market with the goal to identify the type of M&A deal involved in each transaction, identify the players coming into or leaving the market, the reasons why they have decided to enter or leave the market, as well as the most active players involved in M&A deals
- You will extract this information through secondary research, by reviewing some of the most important databases dealing with M&A activity: CBInsights, Crunchbase, Oracle DataFox, Mattermark, Owler, Pitchbook, PrivCo and Tracxn
- You can complement your discovery with industry press articles that may provide more qualitative insights about a particular M&A transaction in the market

Remember to document the answers to these questions on an Excel spreadsheet (or Google Sheets), according to your preferences and needs. What is most important is to clearly identify the sources of information so you can refer to them.
Once the analysis has been completed, you can summarize the insights on a PowerPoint presentation to share with your team

Suppliers

Knowledge on the supply market is a vital part of a market analysis

It sheds light into market characteristics and the company's position within it.
In recent decades, the scope of supply markets has changed considerably from local to regional and global markets

Companies nowadays face dispersed supply markets all over the world with considerable dynamics

- This increased complexity has raised the demand for more and more complex market knowledge about the suppliers
- Quality data and insights about them may also inform about future inherent risks in the market



Remember to document the answers to these questions on an Excel spreadsheet (or Google Sheets), according to your preferences and needs. What is most important is to clearly identify the sources of information so you can refer to them.
Once the analysis has been completed, you can summarize the insights on a PowerPoint presentation to share with your team

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Knowledge on the supply market is a vital part of a market analysis

It sheds light into market characteristics and the company's position within it.
In recent decades, the scope of supply markets has changed considerably from local to regional and global markets



Key insights to gather

You must be able to answer some key questions about the suppliers of the market:

- Have the suppliers been consistent?
- What is going on with their markets?
- Will they continue to supply to us?
- Are there substitute solutions to the suppliers' offerings?
- Do suppliers offer a differentiated or undifferentiated solution?
- Are the suppliers heavily concentrated?
- Additionally, it is nice to have key financial information about them such as revenues, market share in their markets, profitability, cash on balance, OPEX, CAPEX

Remember to document the answers to these questions on an Excel spreadsheet (or Google Sheets), according to your preferences and needs. What is most important is to clearly identify the sources of information so you can refer to them.
Once the analysis has been completed, you can summarize the insights on a PowerPoint presentation to share with your team

Critical Success Factors

Critical success factors state the important elements required for a company to compete in its target markets

In effect, it articulates what the company must do, and do well, to achieve the goals outlined in its strategic plan.
Success has many different meanings depending on who you talk to

What are the critical success factors of the market?



Conduct interviews with these stakeholders and pay close attention to the answers, as these will provide insights on how to win in your market



Customers



Competitors



Investors in the market



Suppliers



Industry Analysts

Basically, you will want to know what critical success factors are most important in the market, that is the whole point of these analyses

Plan

Market Analysis

External Factors: Market Dynamics & Risks



Overview

The objective is to gain a **thorough understanding of the dynamics of the markets, the driving forces that will affect the demand side and supply side of the market, as well as the behaviors of its actors**

You will conduct your analysis based on 4 complementary frameworks:

Endgame curve

- The Consolidation-Endgame Curve assesses the growth maturity of the industry
- They help pinpoint the specific areas of improvement in order to reach the next level of maturity

3 horizons growth model

- This is a framework that will be of great help when thinking about the future of the market and your business growth strategy

Porter's 5 forces analysis

- This is a tool for understanding the competitiveness of your business environment, and for identifying your strategy's potential profitability

Political, Economic, Social, Technological, Legal, and Environmental (P.E.S.T.L.E.) analysis

- A PESTLE analysis helps a team to understand the organization's market and business position better, plan strategically, and conduct market research in new and existing markets

These tools provide great insights on the market's competitive dynamics and the strategic risks that a particular market might be exposed to due to external factors

Key Insights

This framework provides **incredible insights into market dynamics and competitive strategies**

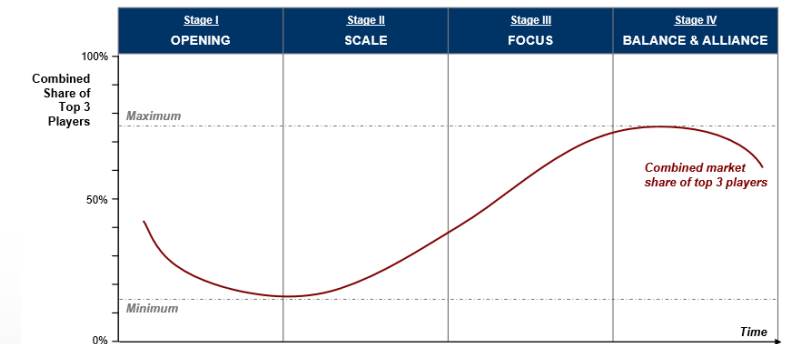
Key insights from the Endgame curve framework



This framework was developed by the management consulting firm Kearney (formerly AT Kearney) after they performed a study on 25,000 firms, representing 98% of the global market cap. The firm realizes that all industries go through the same 4-stage lifecycle – Opening, Scale, Focus, Balance & Alliance

- This framework gauges the “maturity” of an organization in a number of disciplines or functions
- Across all industries, the same characteristics are exhibited at each stage of the Curve
- By appropriately identifying our stage and understanding the defining traits and behavior of our stage, we can better understand and predict market and competitive behavior and trends
- On a more subtle note, the industry stage also governs what type of management and leadership works best for the company. In other words, the management team in the Scale phase may not possess the right skills to run the company at the Balance & Alliance stage

The combined market share of the top 3 players follows an S-curve



The endgame curve not only helps us define a more informed corporate strategy, but also helps define our organizational structure and the proper management team

Source: Deans, Graem; Kroeger, Fritz and Zeisel, Stefan (2002). *Winning the Merger Endgame*. ISBN: 978-0071409988

Where Your Market is in its Lifecycle

You will NOT draw a chart to perform this analysis, **what you want to understand is where your market is in its lifecycle**, comparing notes from your primary and secondary research

You will be able to assess in which stage your market is, by knowing some of the key characteristics of the markets in different stages, that are summarized as follows

KEY CHARACTERISTICS	Stage I	Stage II	Stage III	Stage IV
	OPENING	SCALE	FOCUS	BALANCE & ALLIANCE
	<ul style="list-style-type: none">→ The industries operating in the Opening stage include newly deregulated industries, startups, and spin-off industries→ New industry catalysts can include new technology, new regulation, new ideas, and new consumer needs→ There is little to no market concentration at this point	<ul style="list-style-type: none">→ In the Scale stage, major players begin to emerge, and size begins to matter—these players take the lead in consolidation→ Niche players begin to feel pressure→ Concentration rates by top 3 players can be as high as 45% in some industries	<ul style="list-style-type: none">→ In the Focus stage, successful players continue to aggressively outgrow competition→ These companies focus—meaning they extend their core business and eliminate secondary business units→ The supply and value chains begin to be streamlined	<ul style="list-style-type: none">→ In the final stage, consolidation rates reach 90%, so a few players dominate each industry at this point→ Large companies form alliances with each other, as growth is challenging at this stage→ Companies often look for new Opening-stage industries to expand into

wework

Example

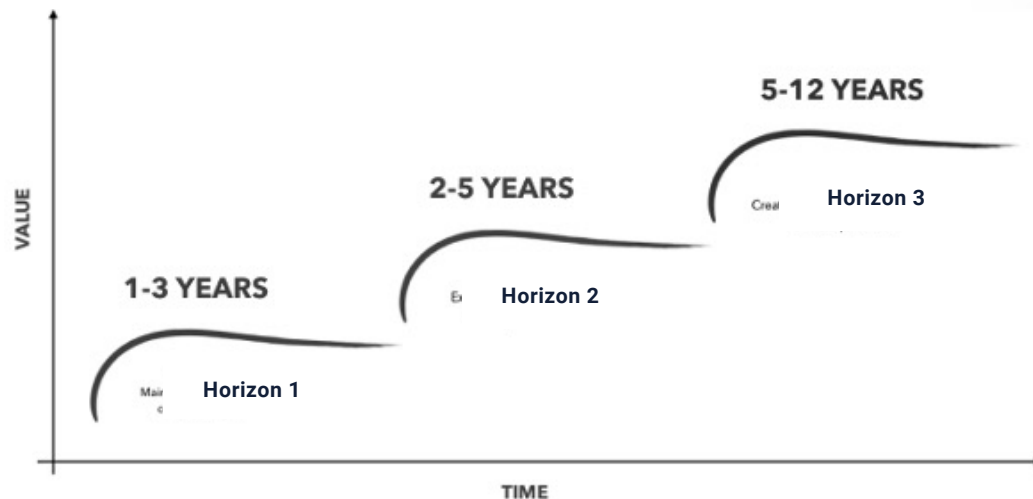
- In the case of WeWork, we can assess that the market is in the opening stage
- The idea of working outside the traditional office space is still in its early stages and it remains to be seen what will happen in the future with new ways of working and with an ever demanding and more sophisticated workforce and their styles to cooperate and engage with their work

Talk and Understand Different Kinds of Growth

This is a framework that will be of great help when thinking about the future of the market and your business growth strategy

The framework, called the 3 horizons growth, was developed by management consulting firm McKinsey & Company. The horizon model's key benefit is that it provides a common language with which to understand and talk about the different kinds of growth

The 3 horizons are simply 3 S-curves that occur one after the other, representing each innovation project



Horizon 1

Innovations are generally short-term projects that generate results in 1-3 years. Of course, the timing varies. For instance, a tech, direct-to-consumer business might move faster and see results from their horizon 1 innovations within 6 months. But generally, you will be able to see results within 1-3 years

Horizon 2

Innovations take a bit longer because they are typically (not always) those that have been copied from adjacent markets and applied to a new context. These innovations might involve adapting technology, processes, or revenue stream structures that already function well in other industries to your own. From conception to completion, you could expect to see results from a horizon 2 project in 2-5 years

Horizon 3

Ventures are long-term innovation projects that generally produce results in 5-12 years. They are typically associated with non-incremental innovations (disruptive, radical, or architectural innovations, for instance). However, we all know incremental changes in certain heavy B2B industries might only hit the market many years later, and thus show results in 5-12 years

Source: McKinsey & Company (2009). Enduring Ideas: The three horizons of growth

To Set or Challenge a Growth Strategy

The 3 horizons model should only be used to set or challenge a growth strategy, which will help inform an innovation strategy

How to use the 3 horizons model



The innovation strategy, in turn, can help shape or challenge the growth strategy

- To use the horizon model to your advantage, you will need to think about in which horizon each project within your growth strategy fits. You need to answer these key questions:
 - How long will it take to see results?
 - When can you expect to generate profit?
 - What is your expected ROI (return on innovation)?
- When you have mapped everything out, share your predictions and reasoning with your team
 - Use the horizon model to help the team align, make everyone feel involved, and get key stakeholders on the same page

Make sure your team has a clear understanding of the goal and relevant use of this framework

Plan

Market Analysis

Michael Porter's Five Forces



Porter's 5 Forces Analysis

When performing the PESTLE analysis, it is a good practice to list all the insights on an excel or google sheets, providing a qualitative view on the impact of each factor on the market

Add as many rows as insights that you gather. This way you will be able to organize, categorize and share your findings with the rest of your team as you perform the analysis. Once all the insights have been documented, group them to assess the overall impact of each force on the market.

Take offensive or defensive actions to create a defensible position against the forces:

- Positioning the firm so its capabilities provide the best defense
- Influencing the balance of forces through strategic moves
- Anticipating shifts in the factors underlying the forces and responding to them

Type of force	Source of the insight	Impact on the market	Details of the insight
Supplier power		4 - HIGH	
Buyer power		2 - LOW	
Threat of new entrants		3 - MODERATE	
Threat of substitution		5 - VERY HIGH	
Competitive rivalry		1 - NO IMPACT / VERY LOW	
Buyer power			
Threat of new entrants			
Threat of substitution			
Competitive rivalry			

Illustrative Example

Introduction to Porter's Five Forces

Porter's Five Forces framework is a foundational tool in competitive analysis and business strategy, developed by Michael E. Porter emphasizing that various forces shape industry dynamics and profitability.

Here's how each force can impact your strategic thinking.

Porter's Five Forces		Description of the Force
1	Rivalry Among Existing Competitors	This force evaluates the intensity of competition within your industry. High competition, indicated by many equal-sized competitors, slow growth, or undifferentiated products, can lead to aggressive price and marketing wars, reducing profit margins. Understanding this force helps you gauge the intensity of direct competition and strategize accordingly, whether through differentiation, cost leadership, or other means.
2	Threat of New Entrants	New players can disrupt market dynamics by bringing new capacity and desire for market share, pressuring prices and investment rates. High barriers to entry (like capital requirements, customer loyalty, and government policies) protect existing companies. Recognizing the potential for new entrants guides you in fortifying your position, possibly through innovation or enhancing customer loyalty.
3	Threat of Substitute Solutions	This force looks at products or services outside your industry that fulfill similar customer needs. The ease of customers switching to substitutes can threaten your market position. Understanding this threat can prompt you to innovate, improve your offerings, or adjust pricing to retain customers.
4	Bargaining Power of Suppliers	If suppliers have significant power (due to their concentration, unique products, or lack of alternatives), they can control prices and quality, impacting your costs and profitability. Recognizing this helps you strategize on diversifying your supplier base or negotiating better terms.
5	Bargaining Power of Buyers	Powerful buyers can demand lower prices or higher quality, affecting your profit margins. Understanding your buyers' power can lead to strategies like customer segmentation, creating unique value propositions, or enhancing customer service to reduce their bargaining power.

Each force affects your business's ability to compete and innovate.
Understanding them helps you make strategic decisions that drive growth.

Who is Michael Porter?

From Michael Porter's Wikipedia page:

MICHAEL EUGENE PORTER is an American academic known for his theories on **economics, business strategy, and social causes**.

He is the Bishop William Lawrence University Professor at Harvard Business School.

He was as one of **the founders of the consulting firm The Monitor Group (now part of Deloitte) and FSG**, a social impact consultancy.

He is credited for **creating Porter's five forces analysis**, which is instrumental in business strategy development at present.

He is generally regarded as the father of the modern strategy field.

He is also regarded as one of the world's most influential thinkers on management and competitiveness as well as one of the most influential business strategists.

His work has been recognized by governments, nongovernmental organizations and universities."



Source: https://en.wikipedia.org/wiki/Michael_Porter

Why this Matters to Innovators

The Strategic Edge: Why Porter's Five Forces Matter

Content

- In the rapidly evolving business world, staying ahead means understanding not just your product, but the entire market landscape.
- Porter's Five Forces help you to:
 - Identify market trends and potential disruptions early.
 - Understand the underlying dynamics influencing your industry.
 - Make informed decisions to innovate and stay competitive.
- By mastering these forces, you position your company not just to adapt but to lead in your industry.

In this section we will answer the questions required to understand Porter's Five Forces for our company.

By answering these questions, **you will create a comprehensive SWOT analysis of your competitor's solutions, taking into account the broader competitive forces at play.**

This approach not only helps in understanding your competitor's current position but also in anticipating their future moves and potential areas for your own strategic advantage.

Porter's Five Forces framework provides a **comprehensive method for analyzing the competitive forces that shape every industry**, and thus, it's critical for several reasons:

Reason for Analysis	Business Impact
Understanding Industry Structure	The Five Forces framework helps businesses understand the underlying structure of their industry. By analyzing the intensity and power of each force, a company can get a clear picture of the competitive landscape and how profitability is affected by these forces.
Identifying Profitability Drivers	The model directs attention to profitability drivers in an industry. High competition among existing companies, powerful suppliers or buyers, threats from new entrants or substitute products can drive down industry profits. Understanding these drivers helps companies make strategic decisions to improve their position.
Strategic Positioning and Innovation	Businesses can use the framework to identify areas where they can establish a competitive advantage. For example, a company might discover a need for innovation in product differentiation to reduce the threat of substitutes or to stand out in a crowded market.
Anticipating and Adapting to Change	The Five Forces analysis is dynamic. It helps businesses anticipate changes in the competitive environment, such as new entrants or changing supplier dynamics, and adapt their strategies accordingly. This foresight is crucial for long-term sustainability.

Porter's Five Forces framework provides a **comprehensive method for analyzing the competitive forces that shape every industry**, and thus, it's critical for several reasons:

Reason for Analysis	Business Impact
Risk Assessment and Management	The model allows businesses to assess the risks associated with the industry's competitive environment. By understanding these risks, companies can develop strategies to manage or mitigate them.
Informed Decision Making	Porter's Five Forces provides a structured approach to analyze competition and make informed business decisions. This includes decisions about entering new markets, launching new products, managing costs, or even exiting an industry.
Negotiation Leverage	Understanding the bargaining power of suppliers and buyers can give a company leverage in negotiations. This knowledge can lead to better contract terms, pricing, and partnerships.
Barrier Analysis	The framework helps in analyzing barriers to entry in an industry. High barriers can protect existing companies from new competitors, while low barriers may signal a threat of new entrants, prompting existing firms to innovate or strengthen their market position.

Porter's Five Forces framework provides a **comprehensive method for analyzing the competitive forces that shape every industry**, and thus, it's critical for several reasons:

Reason for Analysis	Business Impact
Holistic Market View	Unlike other models that may focus solely on direct competitors, Porter's Five Forces encourages a more holistic view of competition. It includes indirect forces like substitutes and potential entrants, offering a broader understanding of the competitive environment.
Resource Allocation	By understanding the competitive forces, companies can better allocate resources. For example, if the threat of substitutes is high, a company might allocate more resources to R&D to innovate and differentiate its products.
Tailoring Strategy to Industry Characteristics	Different industries will have different force dynamics. For example, the tech industry might be more influenced by the threat of new entrants due to low barriers to entry, whereas the pharmaceutical industry might be more affected by the bargaining power of buyers (like healthcare providers and insurance companies).

To Understand Competitive Dynamics within a Market

Porter's Five Forces is a simple but powerful tool for understanding the competitiveness of your business environment, and for identifying your strategy's potential profitability

This framework was developed by Michael Porter in 1980, and it is still widely used to thoroughly understand competitive dynamics within a market

It is based on the theory that competition in any industry is dependent on 5 basic forces. The collective strength of these forces determines the ultimate profit potential and allocation in the industry



Remember this analysis provides a snapshot of the market's current state and it may change over time

Source: Porter, Michael E. (1979). *How competitive forces shape strategy*

Porter's Five Forces: Bargaining Power of Suppliers

This force analyzes how much power a business's supplier has



SUPPLIER POWER

- This is determined by how easy it is for your suppliers to increase their prices
 - How many potential suppliers do you have?
 - How unique is the product or service that they provide?
 - How expensive would it be to switch from one supplier to another?
- The more suppliers you get to choose from, the easier it will be to switch to a cheaper alternative
- But the fewer suppliers there are, and the more you need their help, the stronger their position and their ability to charge you more
 - That can impact your profit



Porter's Five Forces: Bargaining Power of Suppliers

In this step you will analyze the power that suppliers may have in your industry.
Powerful suppliers can control costs and impact your margins.



SUPPLIER POWER

By analyzing this force, you can:

- Strategize to diversify your supplier base.
- Negotiate better terms and reduce dependency.
- Innovate in supply chain management for cost efficiency.

WHAT TO DO

Discuss where there are few suppliers or if suppliers offer highly differentiated inputs as these may have more power.

WHY DO IT

This assessment can inform your UVP by identifying ways to ensure supply chain stability or cost advantages.

Porter's Five Forces: Bargaining Power of Suppliers

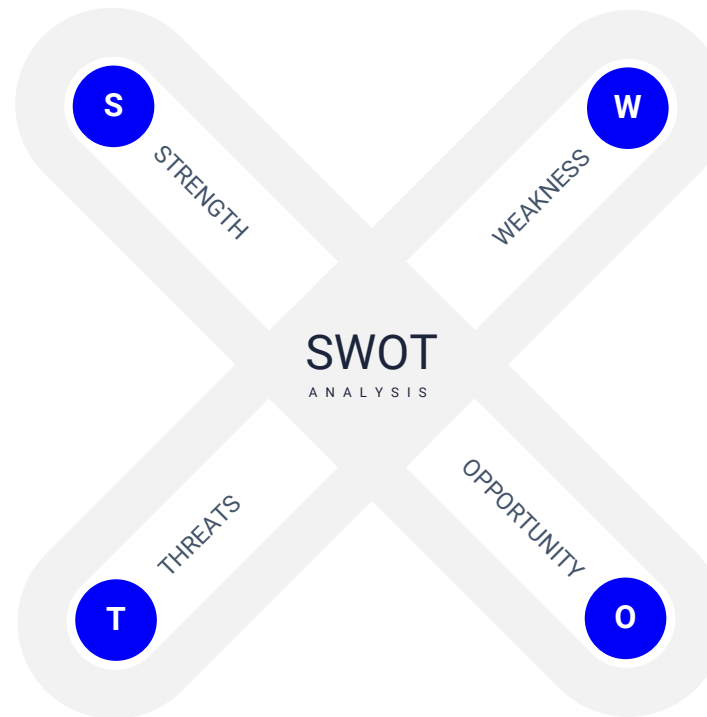
Questions to answer



SUPPLIER POWER

Does your competitor have strong relationships or agreements with suppliers that give them an advantage?

How might changes in supplier dynamics (like price hikes or supply shortages) negatively impact your competitor?



Is your competitor dependent on a few suppliers, or are they facing rising supply costs?

Are there alternative suppliers or strategies (like vertical integration) your competitor could use to reduce supplier power?

Porter's Five Forces: Bargaining Power of Suppliers

This force analyzes how much power a business's supplier has



SUPPLIER POWER

Supplier Power: HIGH

- WeWork does not own its tangible assets (workspaces), the asset owner (supplier) has high power when it comes to rental prices and rules surrounding the use of the real estate
- WeWork obtains real estate using long-term contracts and leases it to tenants in the short-term. This long-term rental commitment is a liability that comes with significant risk
- The company has recently shifted towards longer more secure tenants, it is difficult to say whether this will be sufficient to carry them through a recession
- WeWork has contractually backed a fraction of their obligated payments to landlords by corporate and bank guarantee. Should WeWork be unable to find tenants during the economic downturn, a portion of their payments will be contractually obligated even if the company approaches bankruptcy

Porter's Five Forces: Bargaining Power of Buyers

This force examines the power of the consumer, and their effect on pricing and quality



BUYER POWER

- Here, you ask yourself how easy it is for buyers to drive your prices down
 - How many buyers are there, and how big are their orders?
 - How much would it cost them to switch from your products and services to those of a rival?
 - Are your buyers strong enough to dictate terms to you?
- When you deal with only a few savvy customers, they have more power
- Your power increases if you have many customers



Porter's Five Forces: Bargaining Power of Buyers

In this step you will consider the power of buyers or customers in the industry.
Buyers with high bargaining power can dictate terms.



WeWork EXAMPLE

Understanding buyer power helps you:

- Develop customer-centric strategies.
- Enhance value propositions to increase loyalty.
- Innovate in areas valued by your customers to strengthen relationships.

WHAT TO DO

Discuss the number of customers or buyers, the importance of each customer or buyer to your business, and the availability of information to customers or buyers.

WHY DO IT

This can help you tailor your UVP to meet their specific needs or preferences.

Porter's Five Forces: Bargaining Power of Buyers

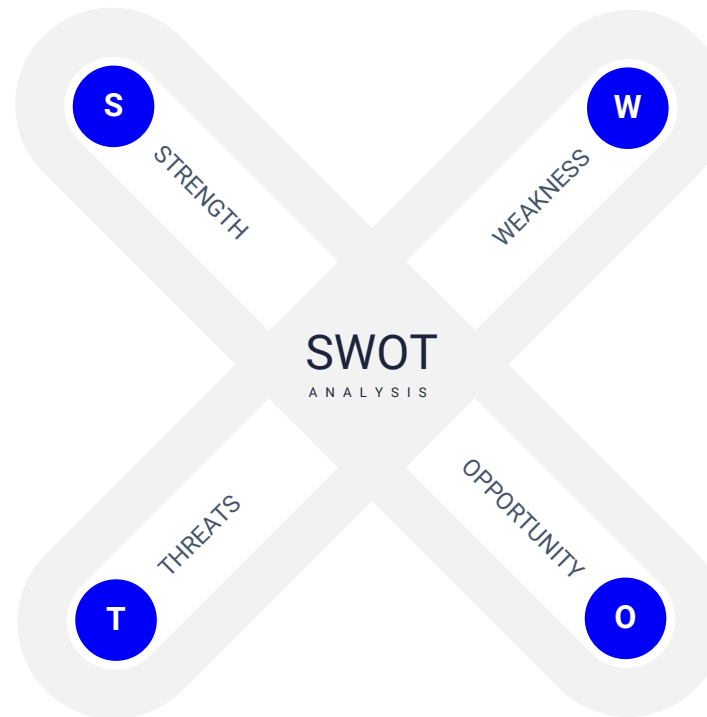
In this step you will consider the power of buyers or customers in the industry.
Buyers with high bargaining power can dictate terms.



WeWork EXAMPLE

Does your competitor have a loyal customer base or unique offerings that reduce buyer power?

How might changes in customer preferences or increased price sensitivity impact your competitor's position?



Are customers easily able to switch to other providers, or do they have significant bargaining power over your competitor?

Can your competitor develop strategies to increase customer loyalty or reduce buyer power (e.g., through loyalty programs)?

Porter's Five Forces: Bargaining Power of Buyers

This force analyzes how much power a business's supplier has



WeWork EXAMPLE

Buyer Power: HIGH

- Many real estate substitutes are available, although they do not offer the supposed community culture WeWork brings with shared workspaces
- However, WeWork's differentiation is contingent on the sharing of office space being perceived as added value in the eyes of the customer
- WeWork does have a first-mover advantage in this market and so for most customers will be considered the 'go-to' for these sorts of workspaces
- In an economic downturn WeWork are unable to back out of their leases, meaning that their reliance on regular tenants will remain high despite a potentially lower demand from customers

wework

Porter's Five Forces: Threat of New Entrants

This force considers how easy or difficult it is for competitors to join the marketplace



THREAT OF NEW ENTRANTS

- Your position can be affected by people's ability to enter your market
 - Think about how easily this could be done
 - How easy is it to get a foothold in your industry or market?
 - How much would it cost?
 - How tightly is your sector regulated?
- If it takes little money and effort to enter your market and compete effectively, or if you have little protection for your key technologies, then rivals can quickly enter your market and weaken your position
- If you have strong and durable barriers to entry, then you can preserve a favorable position and take fair advantage of it



Porter's Five Forces: Threat of New Entrants

In this step you will **determine how easy or difficult it is for new companies to start competing in the industry.**
New entrants can disrupt market share and bring new challenges to you and your competitors.



THREAT OF NEW ENTRANTS

Understanding this force enables you to:

- Anticipate potential disruptions and adapt your strategies.
- Strengthen your market position through innovation and customer loyalty.
- Evaluate barriers to entry that protect or threaten your potential solution

WHAT TO DO

Discuss barriers to entry. Barriers to entry can include things like capital requirements, economies of scale, customer loyalty, and regulatory policies.

WHY DO IT

Understanding these can help in crafting a UVP that leverages barriers to your advantage or addresses how to overcome them.

Porter's Five Forces: Threat of New Entrants

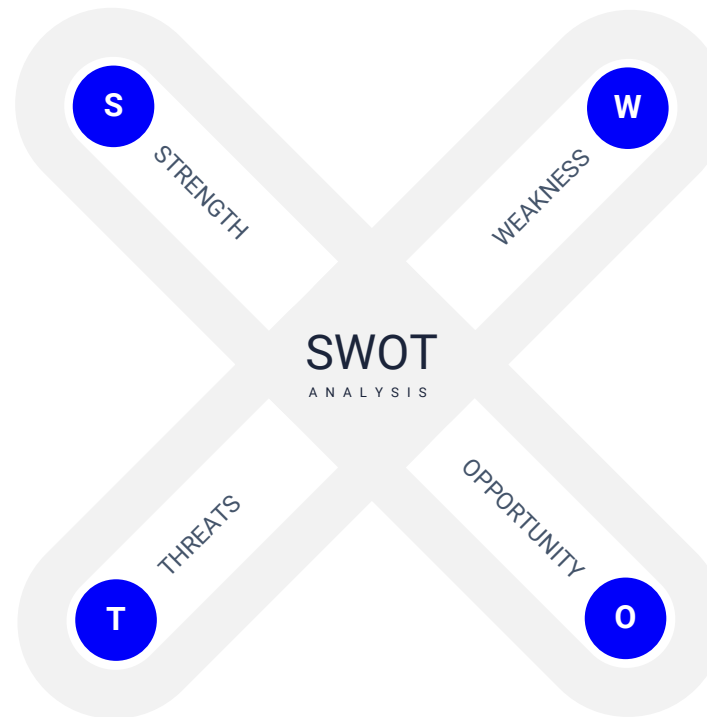
In this step you will **determine how easy or difficult it is for new companies to start competing in the industry.**
New entrants can disrupt market share and bring new challenges to you and your competitors.



THREAT OF NEW ENTRANTS

Does your competitor have strong barriers to entry in place, such as patents, high capital requirements, and/or strong customer loyalty?

How might potential new entrants with innovative solutions or business models threaten your competitor's position? (← The answer to this will provide deep insights into what you will need to do to compete.)



Are there areas where your competitor is vulnerable to new entrants? Perhaps due to low switching costs for customers or emerging technologies?

Could your competitor capitalize on high entry barriers to solidify their market position?

Porter's Five Forces: Threat of New Entrants

This force considers how easy or difficult it is for competitors to join the marketplace



THREAT OF NEW ENTRANTS

Threat of New Entrants: HIGH

- Many traditional real estate companies exist which also aim to bring individual tenants into larger commercial space
- Traditional companies are rigid with lease agreements and consistent tenants, whereas WeWork differentiates itself by seeking to grow and change with the tenant
- However, barriers to entry in the form of copyrights and patents are low, meaning that new companies can very easily adopt a similar approach to WeWork
- The largest barrier to entry in the shared workspace real estate market is capital requirements, which WeWork has overcome with its immense scale
- This new market for shared workspaces is growing in trend, and traditional real estate firms will be looking to get involved

Porter's Five Forces: Threat of Substitute Solutions

This force studies how easy it is for consumers to **switch from a business's solution to that of a competitor**



THREAT OF SUBSTITUTION

- This refers to the likelihood of your customers finding a different way of doing what you do
- For example, if you supply a process manually, people may substitute it build software that automates it
- A substitution that is easy and cheap to make can weaken your position and threaten your profitability



Porter's Five Forces: Threat of Substitute Solutions

In this step you will **identify potential substitutes for your solution and understand how they could meet the same customer needs**. Substitutes can offer alternatives to your customers, reducing loyalty.



THREAT OF SUBSTITUTION

This force encourages you to:

- Innovate continually to stay ahead of potential substitutes.
- Understand and align with evolving customer needs.
- Differentiate your products or services to maintain a competitive edge.

WHAT TO DO

Identify potential substitutes for your product or service and understand how they could meet the same customer needs.

WHY DO IT

This can highlight where there may be a gap in the market or an unmet customer need that your UVP could address.

Porter's Five Forces: Threat of Substitute Solutions

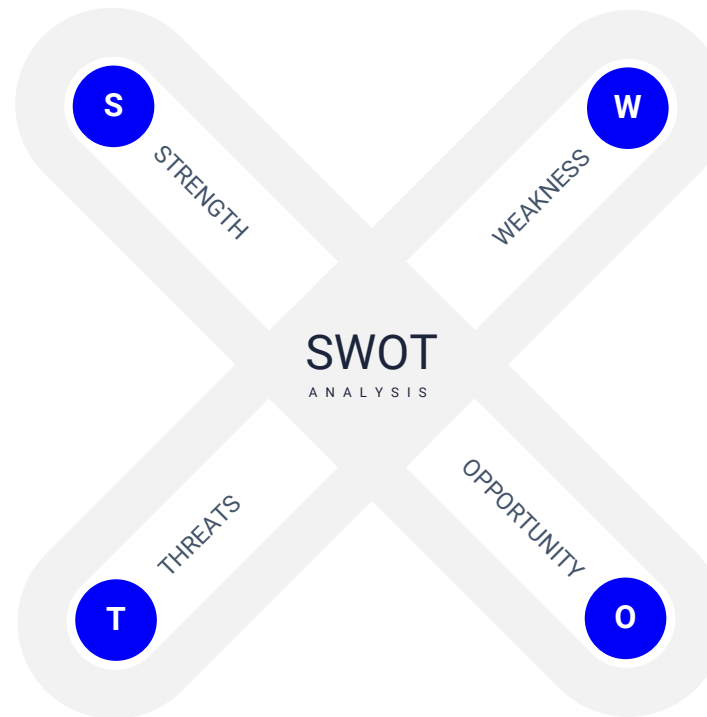
In this step you will **identify potential substitutes for your solution and understand how they could meet the same customer needs**. Substitutes can offer alternatives to your customers, reducing loyalty.



THREAT OF SUBSTITUTION

What makes your competitor's product or service difficult to substitute? Is there unique technology, brand appeal, or customer service quality?

Are there emerging trends or technologies that could lead to new substitutes that might erode your competitor's market share?



Where is your competitor vulnerable to substitution? Are there alternative products or services that meet the customer needs more effectively or more cheaply?

Can your competitor further differentiate their offerings to reduce the threat of substitutes?

Porter's Five Forces: Threat of Substitute Solutions

This force studies how easy it is for consumers to switch from a business's solution to that of a competitor



THREAT OF SUBSTITUTION

Threat of Substitution: HIGH

- Abundance of traditional alternatives such as hotels, single homes, larger commercial workspaces, etc.
- However, these options lack the sharing component that WeWork provides
- Competitors to WeWork such as Servcorp, IWG (International Workspace Group), Knotel and Impact Hub offer similar workspaces which share the communal element around which WeWork is centered
- However, WeWork does have access to an exceptional amount of data which it may give it an advantage in terms of optimal office space design

wework

Porter's Five Forces: Rivalry Among Existing Competitors

This force studies how easy it is for consumers to switch from a business's solution to that of a competitor



COMPETITIVE RIVALRY

- This looks at the number and strength of your competitors
 - How many rivals do you have?
 - Who are they, and how does the quality of their solutions compare with yours?
- Where rivalry is intense, companies can attract customers with aggressive price cuts and high-impact marketing campaigns
- Also, in markets with lots of rivals, your suppliers and buyers can go elsewhere if they feel that they are not getting a good deal from you
- On the other hand, where competitive rivalry is minimal, and no one else is doing what you do, then you will likely have tremendous strength and healthy profits



Porter's Five Forces: Rivalry Among Existing Competitors

In this step you will assess the current level of competition within the market. Intense competition can lead to price wars and reduced profits.



COMPETITIVE RIVALRY

Analyzing this force helps you:

- Understand your direct competitors' strategies and strengths.
- Innovate to differentiate your offerings.
- Identify areas for strategic partnerships or market niches.

WHAT TO DO

Discuss the number of competitors, the differences between competitors and their solutions, and the rate of industry growth.

WHY DO IT

This will provide insight into how competitive the environment is and what it might take for your new solution to stand out.

Porter's Five Forces: Rivalry Among Existing Competitors

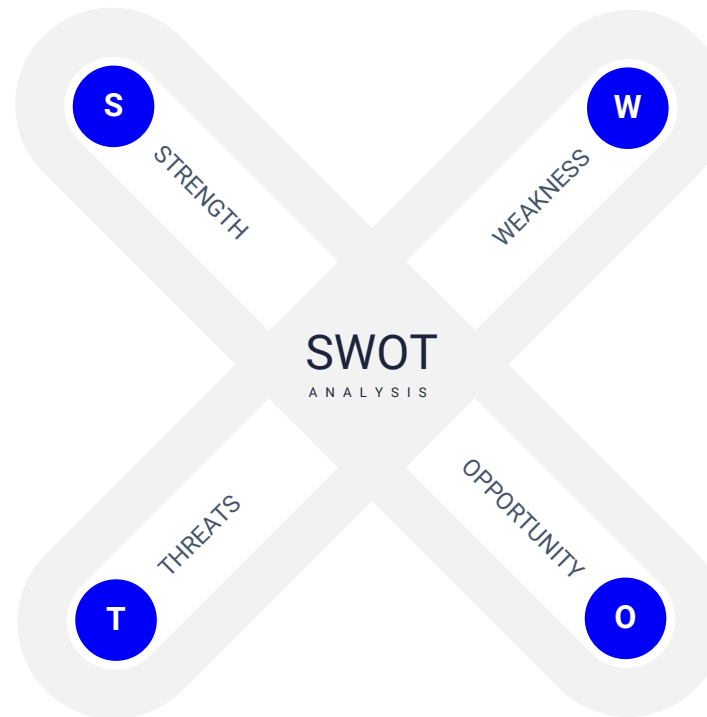
In this step you will assess the current level of competition within the market. Intense competition can lead to price wars and reduced profits.



COMPETITIVE RIVALRY

What are the strengths of your competitor in dealing with current market rivalry? Do they have a strong brand, customer loyalty, and/or superior product quality?

How might increased competition or market saturation threaten your competitor's market position?



What are the weaknesses of your competitor in this area? Are they struggling with price wars, market saturation, and/or lack of differentiation?

Are there market trends or changes that your competitor could exploit to gain an edge over other competitors, including you?

Porter's Five Forces: Rivalry Among Existing Competitors

This force examines how intense the competition is in the marketplace



COMPETITIVE RIVALRY

Competitive Rivalry: LOW

- Although WeWork as the first mover has remained the most popular globally, IWG (formerly known as Regus) has locations in more countries
- Furthermore, Knotel has overtaken WeWork in shared workspaces in its headquarters city New York
- WeWork's main competitive advantage is its economies of scale
- The shared workspaces market is relatively new, and it still offers a significant margin for growth without incumbent competitors having to engage in a direct confrontation

wework

Plan

Market Analysis

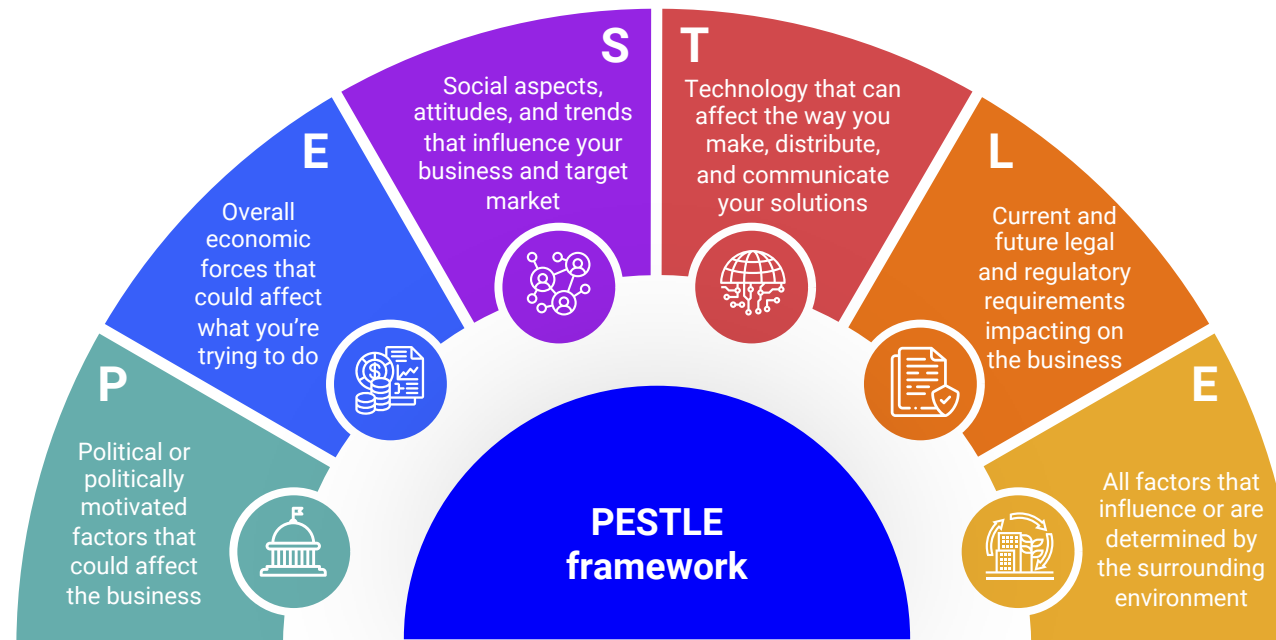
P.E.S.T.L.E. Analysis



P.E.S.T.L.E. Analysis

A **PESTLE analysis** is a framework to evaluate key external factors to your company that can influence the market

It is an extension of the PEST model presented by Francis Aguilar in 1967, and includes the political, economic, social, technological, legal, and environmental factors that could have a direct or long-lasting impact on the market, and therefore, your company



A PESTLE analysis helps a team to understand the organization's market and business position better, plan strategically, and conduct market research in new and existing markets

Source: Aguilar, Francis (1967). *Scanning the Business Environment*. New York: The Macmillan Company. p239.

P.E.S.T.L.E. Analysis

When performing the PESTLE analysis, it is a good practice to list all the insights on an excel or google sheets, providing a qualitative view on the impact of each factor on the market

- Add as many rows as insights that you gather. This way you will be able to organize, categorize and share your findings with the rest of your team as you perform the analysis.
- Once all the insights have been documented, group them to assess the overall impact of each factor on the market.
- Rating the impact of each factor lets you identify the most important issues

[illegible]

Illustrative Example

Political Factors

Political factors are all about how and to what degree a government intervenes in the economy or a certain industry

Key questions to ask

- What government policies or political groups could be beneficial or detrimental to our success?
- Is the political environment stable or likely to change?



Political factors

- Basically, all the influences that a government has on your business could be classified here
- This can include government policy, political stability or instability, corruption, foreign trade policy, tax policy, labor law, environmental law, and trade restrictions
- Furthermore, the government may have a profound impact on a nation's education system, infrastructure, and health regulations
- These are all factors that need to be considered when assessing the attractiveness of a potential market

Political Factors

Political factors are all about how and to what degree a government intervenes in the economy or a certain industry

The WeWork logo is displayed in a large, white, serif font on a dark background.

Political factors

- While the governments may have an important impact on infrastructure and labor law, we could not identify a potential political factor that could influence WeWork

Economic Factors

Economic factors are determinants of a certain economy's performance

Key questions to ask

- What economic factors will impact on us moving forward?
- Does the current economic performance affect us?
- How does each economic factor impact our pricing, revenues, and costs?



Economic factors

- Factors include economic growth, exchange rates, inflation rates, interest rates, disposable income of consumers and unemployment rates
- These factors may have a direct or indirect long-term impact on a company since it affects the purchasing power of consumers and could possibly change demand/supply models in the economy
- Consequently, it also affects the way companies price their solutions

Economic Factors

Economic factors are determinants of a certain economy's performance

The WeWork logo is displayed in a large, black, lowercase serif font on a white background.

Economic factors

There are three economic factors working in WeWork's favor:

- **Growing gig economy:** The size of the online gig economy is mind-blowing, with thousands of new positions created for talented individuals every day. The result is a growing number of individuals performing jobs as freelancers and needing a quiet space in which to work (think WeWork)
- **Work from home positions:** Although remote work is often associated with temporary employment, the number of permanent work positions with the option to work from home is also increasing dramatically. Many individuals who work for these companies may also be looking for office spaces in which they can focus on their work
- **Disposable income:** The world's citizens are getting richer every year. The amount of disposable income citizens have is higher than ever. As new, wealthy freelancers consider splurging on a workspace for themselves, they may well consider coworking spaces like WeWork

Social Factors

Social factors represent the demographic characteristics, norms, customs, and values of the population within which the organization operates

Key questions to ask

- How do our consumer's values and beliefs impact on their buying habits?
- How does human behavior or cultural trends play a role in our business?



Social factors

- This includes population trends such as the population growth rate, age distribution, income distribution, career attitudes, safety emphasis, health consciousness, lifestyle attitudes and cultural barriers
- These factors are especially important for marketers when targeting certain customers
- In addition, it also says something about the local workforce and its willingness to work under certain conditions

Social Factors

Social factors represent the demographic characteristics, norms, customs, and values of the population within which the organization operates

The logo for WeWork, featuring the word "wework" in a bold, lowercase, sans-serif font.

Social factors

- The idea of working from home, through the internet, is a new idea
- With the growing prevalence of remote work, many have quickly realized that freelancing can be a lonely job
- While some freelancers can deal with the loneliness, others choose to schedule their days to minimize time alone or work from public places such as coffee shops or parks
- Of course, coworking spaces are a fantastic choice for remote workers looking for somewhere lively to work

Technological Factors

Social factors represent the demographic characteristics, norms, customs, and values of the population within which the organization operates

Key questions to ask

- What innovations and technological advancements are available or on the horizon?
- How might they affect our operations?



Technological factors

- These factors pertain to innovations in technology that may affect the operations of the industry and the market favorably or unfavorably
- This refers to technology incentives, the level of innovation, automation, research and development (R&D) activity, technological change and the amount of technological awareness that a market possesses
- These factors may influence decisions to enter or not enter certain industries, to launch or not launch certain products or to outsource production activities abroad
- By knowing what is going on technology-wise, you may be able to prevent your company from spending a lot of money on developing a technology that would become obsolete very soon

Technological Factors

Social factors represent the demographic characteristics, norms, customs, and values of the population within which the organization operates

The WeWork logo is displayed in a large, black, lowercase serif font on a white background.

Technological factors

Technological advances are also in WeWork's favor:

- **Portable computers:** Previously, working remotely was impossible due to the lack of portable computers. Now, with the rise of powerful laptops and multifunctional smartphones, freelancers have more options than ever for working via the internet. Furthermore, access to these technologies is cheaper than ever. The result is a growing number of remote workers who can finally pick up their work and leave home, easily allowing them to work in new venues such as coworking spaces.
- **Remote work tooling:** Thanks to improvements in tooling, it is easier than ever to work on the same projects as a distributed team. With tools such as Google Docs, Trello, and Slack, remote workers can collaborate with each other as if they were in the same room. This makes remote work a lot more feasible, and ultimately benefits coworking spaces like WeWork.

Legal Factors

Legal factors include current and future legal and regulatory requirements impacting on the business

Key questions to ask

- What regulations and laws apply to our business?
- Do they help or hinder our business?
- Do we understand the laws across all our markets?



Legal factors

- They include more specific laws such as discrimination laws, antitrust laws, employment laws, consumer protection laws, copyright and patent laws, and health and safety laws
- You need to know what is and what is not legal to trade successfully and ethically
- If an organization trades globally this becomes especially tricky since each country has its own set of rules and regulations
- You want to be aware of any potential changes in legislation and the impact it may have on your business in the future
- Recommended is to have a legal advisor or attorney to help you with these matters

Legal Factors

Legal factors include current and future legal and regulatory requirements impacting on the business

The WeWork logo is displayed in a large, black, lowercase serif font.

Legal factors

There are a couple of questionable legal matters surrounding WeWork:

- **Legality of subletting:** WeWork uses a simple business model where customers can pay to rent a private office, shared office, or desk space for the month. In all three cases, WeWork's business model would be classified as "subletting" if they themselves rented the premises – which they do in the form of long-term leases. While this is legal in many jurisdictions, it is indeed illegal to sublet in others
- **Liability issues:** In a shared working space, there could be some scenarios which would fall into grey areas of liability law. For example, if a customer plugged in faulty electronics – causing the office to catch fire – or if a customer dropped coffee on another's electronic device, there might be some uncertainty as to who would be responsible (especially in circumstances where WeWork is partially at fault, such as if they have broken electric sockets or wobbly tables)

Environmental Factors

Environmental include all those that influence or are determined by the surrounding environment

Key questions to ask

- How does our physical environment affect us and vice versa?
- What are the effects of climate, weather or geographical location?
- Are we prepared for future environmental targets?



Environmental factors

- Environmental forces impacting your businesses and/or customer's geographical location, the surrounding environment, and natural resources used by your organization
- Environmental factors have come to the forefront only relatively recently
- They have become important due to the increasing scarcity of raw materials, pollution targets and carbon footprint targets set by governments
- These factors include ecological and environmental aspects such as weather, climate, environmental offsets, and climate change which may especially affect industries such as tourism, farming, agriculture, and insurance

Environmental Factors

Environmental include all those that influence or are determined by the surrounding environment

The WeWork logo is displayed in a large, black, lowercase serif font on a white background.

Environmental factors

- From an environmental perspective, it is worth considering that sharing a working space — as in WeWork's business model — can save on some costs
- While there might be marginal savings in the amount of electricity used to light the building, a more considerable saving is that of heating
- By encouraging individuals to work in the same, heated space, WeWork stops dozens of tiny offices around that same city from needing to be heated
- This saves on heating resources in the same way public transport saves on gas

In 4 Phases

The **PESTLE framework** is most useful when you get input from participants with a range of different perspectives

You can do the PESTLE analysis in 4 phases:



Getting everyone together at the same time may be difficult in large or geographically dispersed teams. Video conferencing, online documents, and collaborative brainstorming tools may solve many of these difficulties

Best Practices

Tips for facilitating an effective PESTLE analysis

Best practices for PESTLE analysis



Below some of the best practices when performing a PESTLE analysis

- Different industries may place more significance on one or more of the macro factors. For example, there is likely to be a different emphasis for businesses involved in tourism, compared with those in the health, information technology, mining, banking, and defense industries
- Carefully select participants to provide expert knowledge but also a fresh perspective
- A PESTLE analysis is not just about listing down political, economic, social, and technological factors that you simply know or have heard of. It is also important to validate them with suitable information and rate its impact on your organization
- Rating the impact of each factor lets you identify the most important issues
- For complex organizations and where they are servicing multiple locations, there may need to be a PESTLE analysis for each environment
- Use quantitative data where possible to focus on the crux of the issue
- Provide adequate time in the session to rank and prioritize ideas
- You can also have people vote or color code factors that are temporary, long term or should be monitored over time
- Try to keep factors relatively high level and avoid getting bogged down in analysis paralysis

Plan

Market Analysis

Internal Factors Analysis



Overview

In this part of the course, **we will focus our analyses on internal factors of the company**, by assessing the opportunity a market offers, and informing decision-making about whether to enter that market

By now you have developed a clear understanding of the market value chain, you have fully backed and credible key data about the market and its participants, and you have analyzed the dynamics that move the market and assessed the different factors in the context of the market that might have a significant impact on your business



Why this analysis?

- A company may want to launch a new solution within an existing market or expand into a new market by building on its existing strengths
- But either of these actions could require huge investment
- Taking the step to launch or expand without a solid foundation could easily backfire
- The company risks misjudged targeting, marketing that fails to reach the right people, or pushing solutions to people who just are not interested

Overview

In this part of the course, **we will focus our analyses on internal factors of the company**, by assessing the opportunity a market offers, and informing decision-making about whether to enter that market

By now you have developed a clear understanding of the market value chain, you have fully backed and credible key data about the market and its participants, and you have analyzed the dynamics that move the market and assessed the different factors in the context of the market that might have a significant impact on your business

You will conduct these analyses based on 2 frameworks



Coherence Premium

Achieving coherence premium to have the right to win in the market

Internal factors

Ansoff Matrix

Assessing the risks of growth



Plan

Market Analysis

Internal Factors Analysis: Coherence Premium

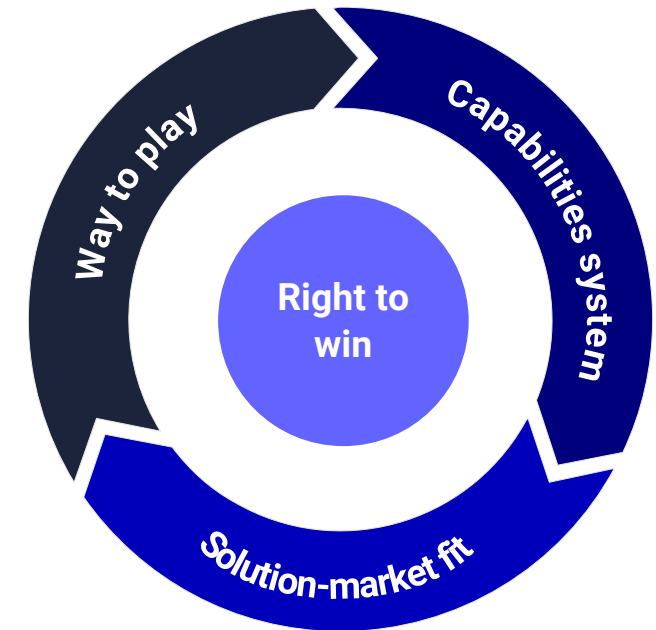
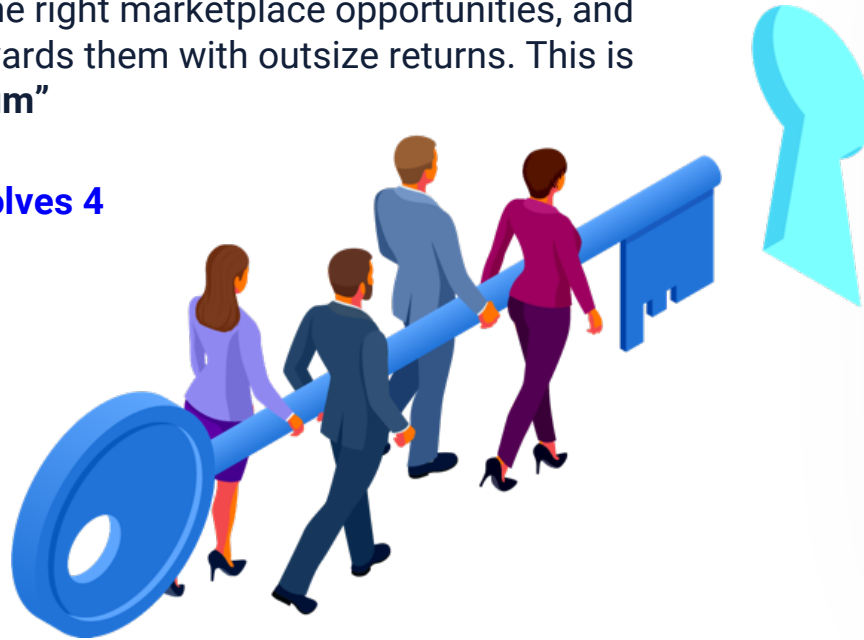


Definition

A coherent company is one that pursues a clear strategic direction, builds a system of differentiating capabilities consistent with that direction, and sells solutions that thrive within that system

From there, strategy becomes a matter of aligning that set of distinctive capabilities with the right marketplace opportunities, and consequently, the market rewards them with outside returns. This is called the “**coherence premium**”

The coherence premium involves 4 clear distinct elements:



The main idea of this approach is that to succeed you must develop a coherent, capabilities-driven strategy that aligns at every level

Source: Leinwand, Paul and Mainardi, Cesare (2010). The Essential Advantage. Harvard Business Review Press. ISBN: 9781422136515

Way to Play

Being coherent leads to greater effectiveness, greater efficiency, more focused investment, and an atmosphere where every employee understands what the company does well



Way to play

- A company's way to play is an approach to creating value for its customers
- A well-defined way to play is broad enough to allow flexibility and growth but narrow enough to focus strategy and decision making
- It may involve being an innovator (e.g., Apple), a value player (e.g., Walmart), or an experience provider (e.g., Starbucks), to name a few examples of ways to play
- More than any other single factor, the way to play distinguishes a company from its competitors

Capabilities System

Being coherent leads to greater effectiveness, greater efficiency, more focused investment, and an atmosphere where every employee understands what the company does well



Capabilities system

- A company's primary source of advantage is a system of three to six mutually reinforcing capabilities that together allow it to fulfill its way to play
- A capability is a key strength of your business that customers value, and competitors cannot beat
- It is not a generic activity, but a specific intersection of people, processes, IT, tools, and knowledge where your organization consistently out-performs competitors and that delivers a central aspect of your way to play

Solution-market Fit

Being coherent leads to greater effectiveness, greater efficiency, more focused investment, and an atmosphere where every employee understands what the company does well



Solution-market fit

- Most companies make the mistake of composing solutions portfolios based on short-term financial performance and force a strategy to fit around that portfolio, rather than create a portfolio that aligns with their strategy
- As a coherent company, you manage your solutions portfolio so that every offering is supported by your unique capabilities system and aligned with your way to play
- This also includes having the sufficient capital to win in a market, as most companies end up working within the capital constraints that are imposed on them. The lesson here is simple: get the money you need to win

Right To Win

Being coherent leads to greater effectiveness, greater efficiency, more focused investment, and an atmosphere where every employee understands what the company does well



Right to win

- A company's right to win means its ability to compete in a particular area with the confidence to succeed and create value
- It belongs to coherent companies, those that focus on what they do best in making every decision across every business and that align their way to play with their capabilities system and their solution-market fit
- A company becomes coherent only when its capabilities system is consciously chosen and implemented to support a focused strategic purpose, or way to play, and is aligned with the right solutions portfolio

How To Assess If You Have The Right To Win?

How to assess if you have the right to win? **You will need to answer a series of high-level questions** that will guide whether you should still test further, discard the business venture, or move ahead with your business idea

			Unknown (Conduct experiments to test and validate)	No (If applicable test to validate further, if not do not proceed)	Yes (Assumptions are validated, proceed)
Is there a need?	Is the market real?	Is there a need or desire for the solution? Can the customer buy it? Is the size of the potential market adequate? Will the customer buy the solution?	<p>Remember the idea is to stop entering a market based on faulty or untested assumptions.</p> <p>If the answer is:</p> <ul style="list-style-type: none"> • Unknown: Then tests are required to validate to move to No or Yes • No: This usually signals the venture is not viable, though further tests could be required (e.g., sample size was too small) • Yes: There is enough proof to agree that the question has been answered affirmatively <p>*** REMOVE THIS BOX TO COMPLETE THE EXERCISE ***</p>		
	Is the solution real?	Is there a clear concept? Can the solution be made? Will the final solution satisfy the market?			
Can we Win?	Can the solution be competitive?	Does it have a competitive advantage? Can the advantage be sustained? Will competitors stay relative still?			
	Can our company be competitive?	Do we have superior resources? Do we have appropriate management? Can we understand and respond to the market?			
Is it worth it?	Will the solution be profitable at an acceptable risk?	Are forecasted returns greater than costs? Are risks acceptable?			
	Does launching the solution make strategic sense?	Does the solution fit our overall growth strategy? Will top management and investors support it?			

Stop And Reflect on the Answers

Keep in Mind



- At this point in the assessment, stop and reflect on the answers
 - We are talking about the business that you will be leading for at least the next 10 years of your life if you want to achieve success in the market, and at the very least you want to be completely sure that you have a chance to win in the market
- Although your feelings and instincts may have some influence on your answers, this is when you should show the greatest objectivity to:
 - Yourself, as your time is valuable, and you do not want to spend it on faulty assumptions and business ideas
 - Your family and close friends, with whom you will have to spend less time because of the business
 - Your investors, as they will place their trust in you
- Keep in mind that it is much easier to modify the solution or your business idea BEFORE launching to the market, than to correct said structural problems once your business is already on the market

Plan

Market Analysis

Internal Factors Analysis: Ansoff Matrix

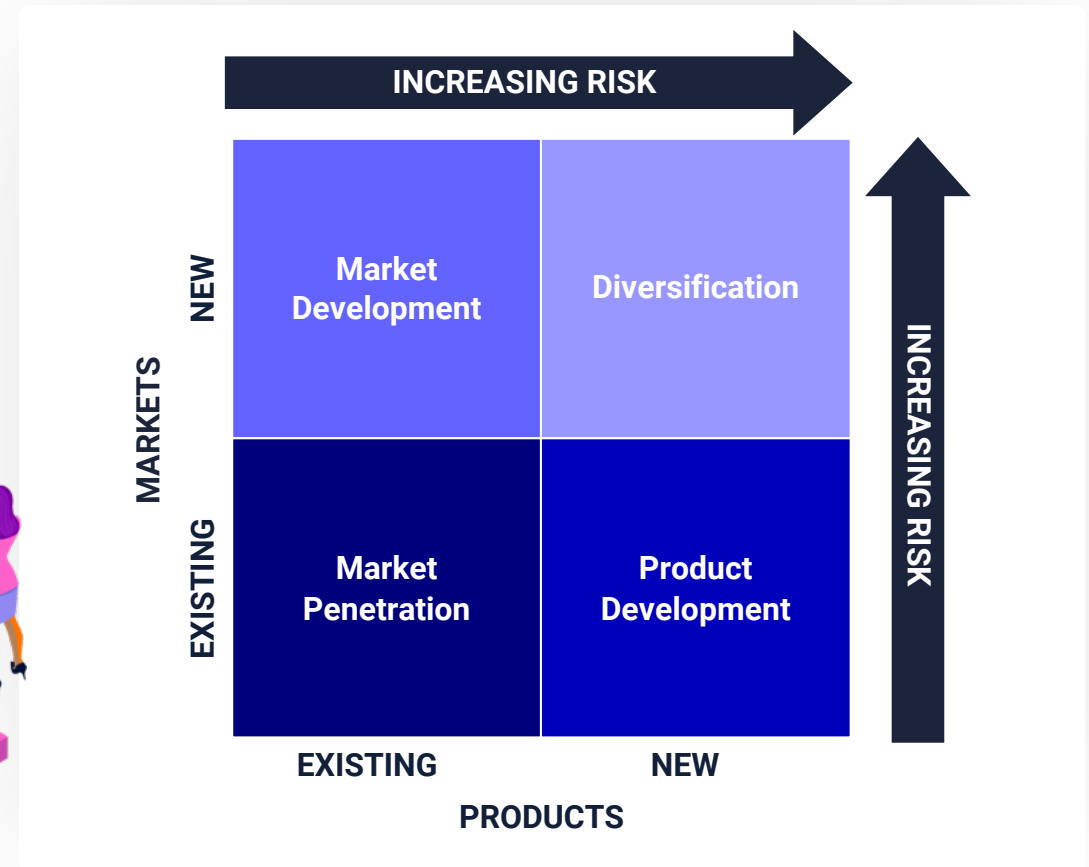


Ansoff Matrix

The **Ansoff Matrix**, also called the **Product/Market Expansion Grid**, is a tool used by firms to analyze and plan their strategies for growth

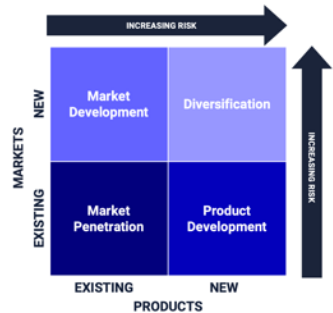
It was developed by **H. Igor Ansoff** and first published in the Harvard Business Review in 1957, in an article titled "**Strategies for Diversification.**"

It has given generations of marketers and business leaders a quick and simple way to think about the risks of growth



Two Ways To Expand Beyond Your Core Market

The first is through new products (solutions) and the second is through new markets (either new customers or new geographies). Both options are less risky compared to expanding into a new product (solution) or into a new market



One thing to keep in mind is that depending on what expansion route you go, you will need different strategies and competencies within the company. The four strategies of the Ansoff Matrix are

Market penetration

→ Market penetration is the safest of the four options. Here, you focus on expanding sales of your existing solution in your existing market: you know the solution works, and the market holds few surprises for you

Product development

→ Solution (product) development is slightly riskier because you are introducing a new solution into your existing market

Market development

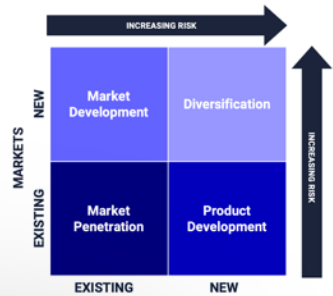
→ Market development is where you are putting an existing solution into an entirely new market. You can do this by finding a new use for the solution, or by adding new features or benefits to it

Diversification

→ Diversification is the riskiest of the four options, because you are introducing a new, unproven solution into an entirely new market that you may not fully understand

WeWORK Example

To use the Matrix, plot your options into the appropriate quadrant. Next, look at the risks associated with each one, and develop a contingency plan to address the most likely risks



The Matrix outlines four possible avenues for growth, which vary in risk. For instance, in WeWork's case, they have tried all 4 avenues with different results

Market penetration

- This has been the preferred choice by WeWork, penetrating markets they operate in, by building or leasing more flexible office space in the market. However, due to financial reasons and their botched IPO, they have now pulled back from some of their leasing contracts in certain markets

Product development

- WeWork noticed an opportunity to expand their offering by launching the WeWork Labs. The first WeWork Labs opened in New York's SoHo in April 2011. By offering rental space to technological startups, they noticed that they were creating an attractive environment for the origination of new business models and disruptive ideas

Market development

- WeWork has engaged in M&A in different regions to enter certain markets. For instance, to aggressively develop the Chinese market, they bought the coworking company NakedHub in 2018. However, in 2020 they ended up selling a majority stake in its China business, due to the financial pressure caused by the pandemic

Diversification

- They have also tried some risky moves without much success, such as the WeGrow initiative, a private school for children aged 3 through students in grade 4 created in the fall of 2018. A year later, WeGrow closed

Plan

Market Analysis

Choosing Your Beachhead Market

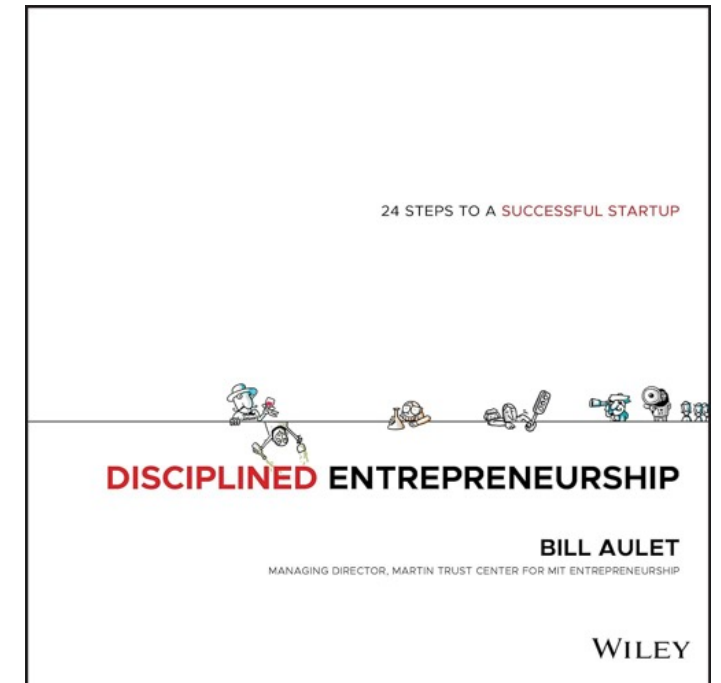


Beachhead Market by Bill Aulet

Bill Aulet's book "**Disciplined Entrepreneurship**" focuses quite a bit on choosing a beachhead market

Aulet has a framework of questions to ask that is helpful in choosing a beachhead market:

1. Is the target customer well-funded?
2. Is the target customer readily accessible to your sales force?
3. Does the target customer have a compelling reason to buy?
4. Can you, today, with the help of your partners, deliver a whole product?
5. Is there entrenched competition that could block you?
6. If you win this segment, can you leverage it to enter additional segments?
7. Is the market consistent with the values, passions and goals of the founding team?



This framework of questions is helpful, as it focuses not only on the customer wants – but also if the founding team can identify, find and sell to this early market.

Crossing the Chasm by Geoffrey Moore

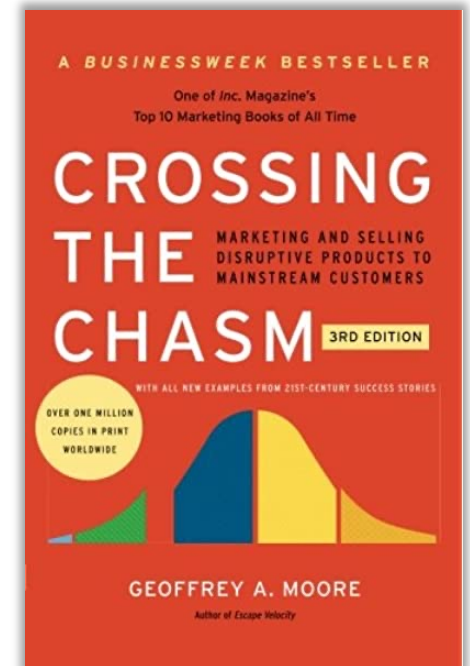
Crossing the Chasm: Marketing and Selling High-Tech Products to Mainstream Customers by Geoffrey Moore focuses on a venture's ability (or not) to shift from selling to the early adopter customer to the more mass-market customer.

Comparison of Different Customer Types

	Early Adopter	Mass Market
Product / Service Traction	<ul style="list-style-type: none">→ Initial buyers of new products / services→ Typically, targeted buyers which comprise the beachhead market for the venture (e.g. willing to try new technology / products)	<ul style="list-style-type: none">→ Only comfortable with trying new products / services once traction has been gained with early adopters and pragmatists
Customer Expectations	<ul style="list-style-type: none">→ More willing to try out new products / services→ Risk seekers looking for large, revolutionary improvement in products / services	<ul style="list-style-type: none">→ Less willing to try out new products / services until success has been proven→ Desire proven solutions with minimal risk

Moore has a three-fold approach to cross the chasm:

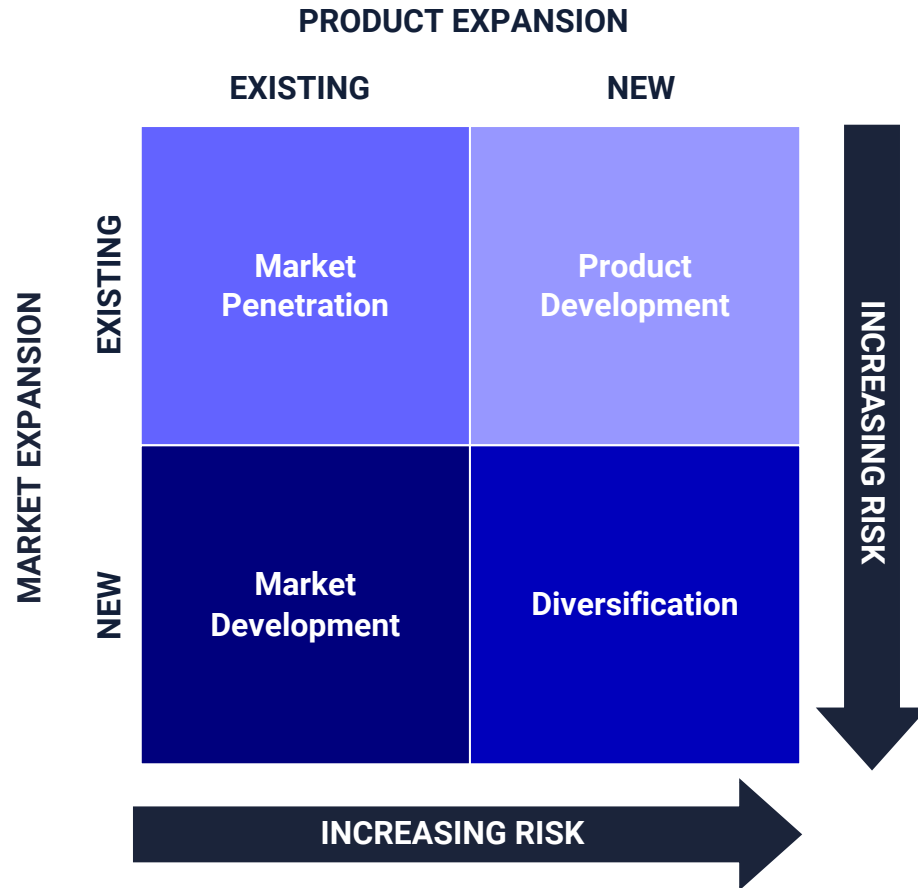
1. Identify and go after a beachhead market
2. Develop a whole product solution for that market
3. Capture adjacent segments through the bowling pin effect (once the kingpin is down, the others will fall as well)



Companies that have “crossed the chasm”: Palm Pilot (PDA market), Apple (PC market), Salesforce (sales management market)

Ansoff Matrix is a Useful Framework

Ansoff Matrix



Expansion Options

Two ways to expand beyond beachhead market:

1. New products
2. New markets (e.g. new customers, new geographies)

Different strategies and competencies are required for the different expansion routes:

1. New products will likely require investment in product development
2. Expanding to new markets may require new marketing strategies, new salesforce, etc.



Beachhead Market Selection Worksheet

Color in each box one of the following: Green (attractive), Yellow (moderately attractive), or Red (unattractive)

Criteria	Beachhead Option 1	Beachhead Option 2	Beachhead Option 3
1. How well funded is this customer segment?			
2. Are you able to reach this customer?			
3. Do they have a compelling reason to buy?			
4. Can you deliver this product to this customer?			
5. Is there enriched competition?			
6. Can you leverage this segment to enter additional ones?			
7. Is co-founding team excited by this customer?			
Overall Rating			
Have you spoken to customers in this beachhead segment?			



Attractive



Moderately Attractive



Unattractive

Note: After speaking with customers in selected beachhead market, go through this exercise again to make sure you are correct.

Beachhead Market Opportunity Assessment

How to assess if you have the right to win? You will need to answer a series of high-level questions that will guide whether you should still test further, discard the business venture, or move ahead with your business idea

			Unknown (Conduct experiments to test and validate)	No (If applicable test to validate further, if not do not proceed)	Yes (Assumptions are validated, proceed)
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If the answer is:

- **Unknown:** Then tests are required to validate to move to No or Yes
- **No:** This usually signals the venture is not viable, though further tests could be required (e.g., sample size was too small)
- **Yes:** There is enough proof to agree that the question has been answered affirmatively

*** REMOVE THIS BOX TO COMPLETE THE EXERCISE ***

Plan

Market Analysis

Key Takeaways



Key Takeaways

Congratulations!, you have completed a thorough market analysis for your business.
Before you go, we want to remind you the key concepts that we have covered in the course

Key takeaways



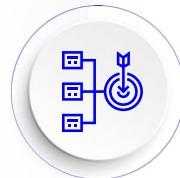
Remember to keep an eye on the market, trends, news and any other facts that can profoundly affect the market and, consequently, your business. Do not fall asleep with that knowledge in your hands, move quickly, the success of your business depends on it. Keep in mind that knowledge becomes power only when it is used with speed and precision



You must also remember that the credibility of your market analysis (and in turn your own credibility) depends on the credibility of your sources, it is critical you base your decisions on insights from credible sources



We will say this again and we could not highlight anymore the importance of knowing how to assess your business opportunity. Leave your feelings and instincts outside the door when determining whether to enter a market. It is in this stage when you will need to show the greatest objectivity. Keep in mind that it is much easier to modify the solution or your business idea BEFORE launching to the market, than to correct said structural problems once your business is already on the market



Should you decide to enter the market, remember its critical success factors, they will be your guiding stars for the journey. Also remember that you will want to achieve the right to win in the market. Make sure you are well funded, that you have the sufficient capital to win, as most companies end up working within the capital constraints that are imposed on them. The lesson here is simple: get the money you need to win

Congratulations on Completing the Masterclass!

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01

Mindset



Develop the mindsets that drive business innovation and growth.

- [Growth Mindset](#)
- [Resilience](#)
- [Continuous Learning](#)
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- [Customer Obsession](#)

02

Plan



Grow your business by designing solutions that customers need.

- [Customer Analysis](#)
- [Competition Analysis](#)
- [Market Analysis](#)
- [Solution Analysis](#)

You Are Here

03

Tools



Boost growth using proven tools from top companies.

- [Key Performance Indicators](#)
- [Weekly Business Reviews](#)
- [Product Management](#)
- [Startup Accelerator](#)
- [Business Incubator](#)
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04

Team



Build talented teams that act with urgency to drive growth.

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West's Closing Note to Innovators

For those driven by a passion to make an impact, solve large problems, and reap significant rewards, successfully innovating stands as one of the most exhilarating and fulfilling pursuits. That said, **just a friendly reminder:**

Knowledge is Power. To empower you, I am sharing the knowledge I have gained from 27+ years of hands-on experience. Please do not stop learning here.

- **Empower yourself with the right knowledge.** Do not rely solely on my experience and knowledge. To determine what is right for you, your team, your business, investors, and customers, do your own research. To help, I have curated thousands of links in Business Evolution's [Masterclasses](#). Use this as the foundation for your further research.
- **Seek multiple experienced perspectives.** Follow relevant experts who share their insights on YouTube, LinkedIn, X, StackOverflow, Reddit, GitHub, or wherever they share their insights. The more you know, the more likely you are to make the right decision.
- **Stuck? Get help.** Others have solved your problem before. They may have even written about it. You may be able to hire them. Or use a generative AI to brainstorm (I'll show you how). In my experience, the joy of the journey is finding answers, learning and growing.

Innovation takes commitment and requires real time, money, and effort.

INNOVATION IS HIGH RISK

- **Innovation involves real risks.** If you fail, you risk your professional reputation, your credibility, your mental health, and your personal wealth.
- **Everyone fails at some point on their journey.** But remember, every great success story 🎉 has its chapters of challenges overcome.
- **To reduce the risk of failure, hire experts and use data-driven decision making, customer-obsession, long-term planning, and continuous improvement.**
- **When you fail, learn quickly from the lessons, ensure you don't repeat the mistakes, and forge ahead only if you assess it is safe to do so.**

Time is our only non-renewable resource. Use yours wisely.

- **Please take time for yourself – especially your health and loved ones.** It's easy to get lost in innovation's allure and lose track of what truly matters.

"Best Wishes Innovating! I hope the Business Evolution Masterclasses help you on your journey." – West Stringfellow

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