

# Entrepreneurial Opportunity Identification and Exploitation

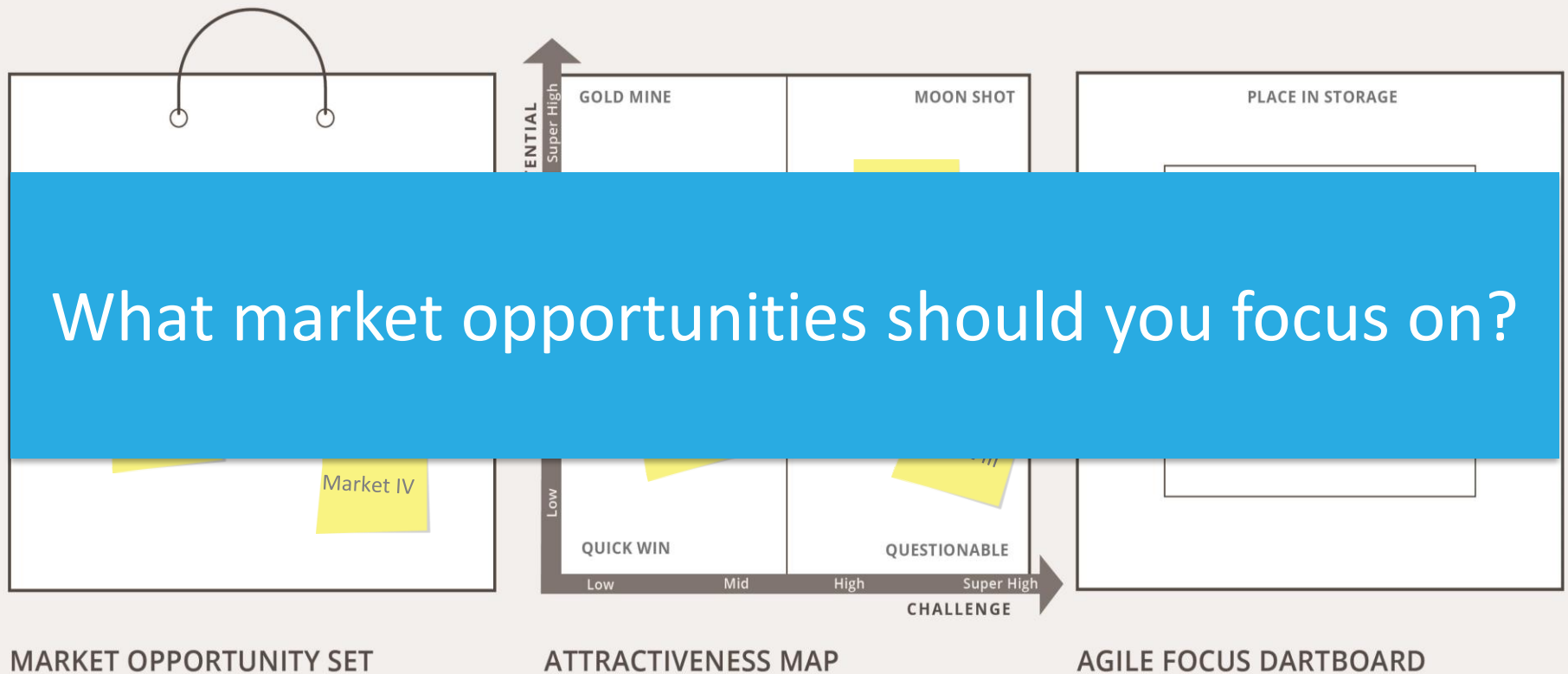
## Session 5 Agile Focus Strategy

Dr. Sharon Tal

Fall Term 2021

# The Market Opportunity Navigator

What market opportunities should you focus on?



# What market opportunities should you focus on?



## A fundamental decision

- Market Choice is key for creating value and obtaining revenues
- Market Choice is imprinting the DNA of your venture



## Yet...

Despite the critical nature of this choice and your best efforts in finding the most valuable market, you may need to adapt your choice over time!



# The business world is unpredictable



Conditions of uncertainty require a different strategic approach

# In established firms

Robust Adaptive Strategies/ Eric Beinhocker:

## Betting on multiple horses

“Companies should be cultivating a portfolio of strategies that contains near-term strategies, the seeds for future growth businesses, and hedges against key uncertainties, rather than pursuing singularly focused strategies that presume predictability”

Robust and adaptive strategies willingly sacrifice focus for the sake of flexibility!



# But what about start-ups?

*Startups must focus sharply if they want to win the game*

The entrepreneurs' challenge  
**focus and stay agile**

*Startups must stay flexible if they want to win the game*



# But how?

Examining 25 image-processing start-ups, we found 3 types of strategic approaches:

## Narrow approach

Focused exploitation

Contextualized technology & narrowly defined identity

Locked-in commitment

Change is disruptive and difficult

## Broad approach

Keeping options open

General technology & broadly defined identity

Divergent commitment

Change is sustaining and not too difficult

## Vague approach

Searching for alternatives

General technology & broadly defined identity

No commitment

Change is gradual – still in search mode

# A “smart” market opportunity strategy...

...has to take into account two major aspects:

## WHAT?

What are the most attractive market opportunities that you should focus on?

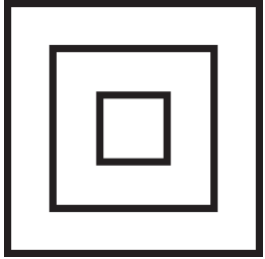
## HOW?

How can you focus **and** stay flexible, agile and open-minded at the same time?





# The Agile Focus Strategy



The **Agile Focus Strategy** defines the market opportunities that you will pursue now, and the opportunities that you will keep open as Backup or Growth Options

Keeping an option open means that you currently invest very little resources and attention in it, just to make sure not to lock yourself out of it

This will help you to maintain your flexibility while staying focused



# What about 'laser sharp focus'?

Reid Hoffman (Co-Founder and Executive Chairman of LinkedIn and a partner at Greylock Venture Capital):

“

...you want to show focus in your decks by emphasizing what you're really betting on. However, **show some maneuverability**.

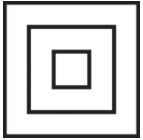
Don't just say that you have five different options. Instead, say that you're doing one, but you also have some fall-back or maneuvering options.

...

“Invest in A, but here's B to show that we could contain that risk.” Investors would appreciate this because you're identifying a reasonable risk and demonstrating that you have actually thought about what you would do if the primary plan doesn't play out as you expect. “



# Don't get trapped



Having foresight on your backup and growth options has significant implications for how you build and design your venture. It influences the way you:

- Develop your technology
- File your patents
- Recruit your employees
- Choose your stakeholders
- Build your company culture
- Pick your brand name
- Design your marketing materials



# How to Design your Agile Focus Strategy

- 1) Choose your **Primary Market Opportunity**- the one that you will pursue with full force, investing most of your resources and capabilities in conquering it.
- 2) Build a **smart portfolio** around it, that includes at least one Backup Option and one Growth Option.



Use Worksheet 3 to design your Agile Focus strategy, and mark it on the dartboard





# DESIGN YOUR AGILE FOCUS STRATEGY

NAME

DATE

Build a smart portfolio around your Primary Market Opportunity to mitigate your risk and increase your value.

- I. Choose a Primary Market Opportunity to focus on (based on the Attractiveness Map).



- II. Pick other attractive market opportunities from your set to examine possible Backup and Growth Options.

Relatedness to your Primary Market Opportunity:

## PRODUCT RELATEDNESS

To what extent do the products share: technological competences, required resources, necessary networks

## MARKET RELATEDNESS

To what extent do the customers share: values and benefits, sales channels, word-of-mouth

Suitable as:

## BACKUP OPTION

Attractive market opportunities that do not share major risks with your Primary Market Opportunity to allow for a change in direction

## GROWTH OPTION

Attractive market opportunities that allow your business to create additional value



Backup



Backup



Backup



Growth



Growth



Growth

- III. Design your Agile Focus Strategy:

- Keep at least one Backup and one Growth Option open
- Decide if any option is worth pursuing now
- Place the rest in storage

Pursue now

Keep open

Place in storage

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Mark your strategy on the Agile Focus Dartboard.



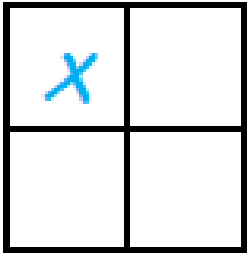
# Choosing your primary Market Opportunity



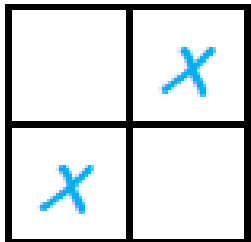
**You cannot pursue too many opportunities in parallel, or you may end up really sick...**

# Choosing your primary Market Opportunity

Common patterns of the Attractiveness Map:



**One Clearly Superior Opportunity**

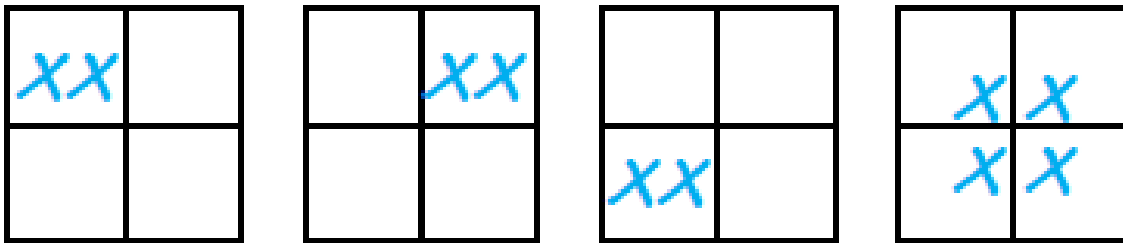


**Diagonal Trade-off**

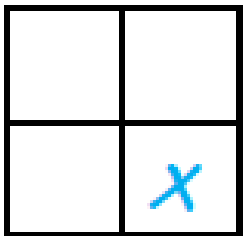


# Choosing your primary Market Opportunity

Common patterns of the Attractiveness Map:



**Options are all Closely Located**



**No Attractive Options**





# Other considerations for choosing your Primary Market Opportunity

Personal fit with the opportunity

Fit with stakeholders' interest

Resource constraints



# Few tips for making this profound decision



There is no 'perfect' option



Make it a team decision



Take your time



# Back to Augury



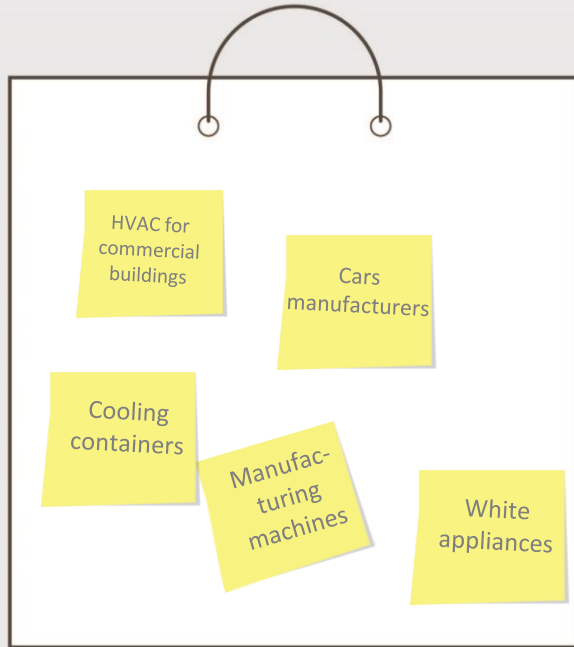
MACHINES TALK, WE LISTEN.

# THE MARKET OPPORTUNITY NAVIGATOR

NAME

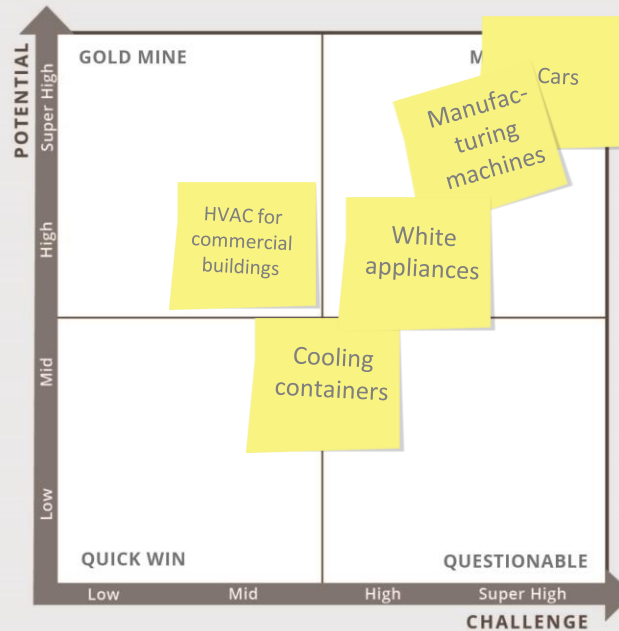
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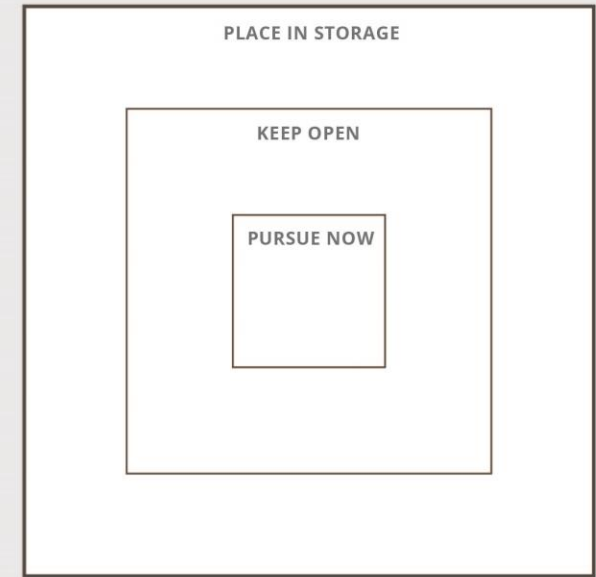
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## ATTRACTIVENESS MAP

- 2 Use Worksheet 2 to evaluate the attractiveness of each market opportunity, and place each one on the map



## AGILE FOCUS DARTBOARD

- 3 Use Worksheet 3 to design your Agile Focus strategy, and mark it on the dartboard



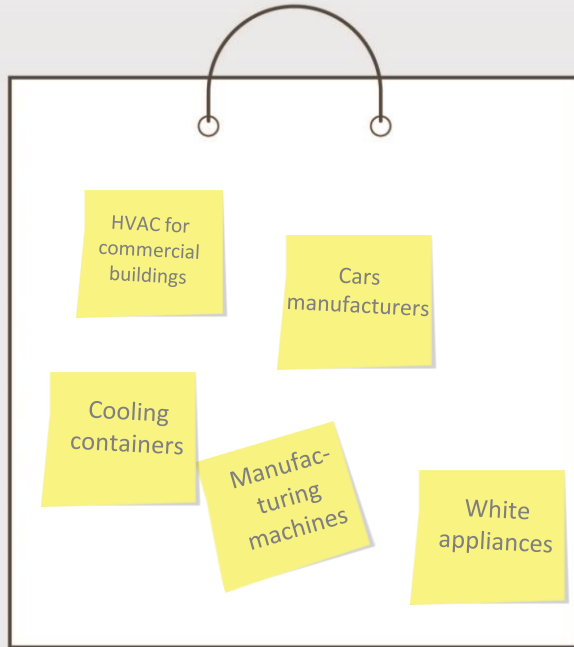
market opportunity = any combination of application + customer  
Use sticky-notes™ to represent each market opportunity

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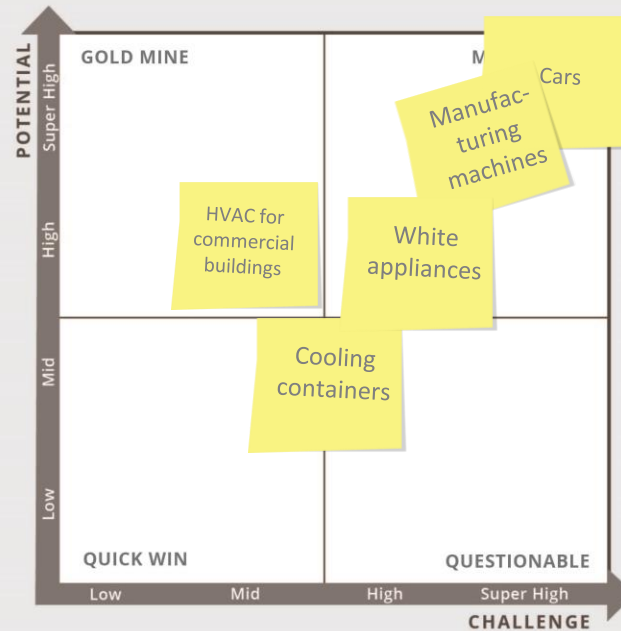
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# DESIGN YOUR AGILE FOCUS STRATEGY

Build a smart portfolio around your Primary Market Opportunity to mitigate your risk and increase your value.

- I. Choose a Primary Market Opportunity to focus on (based on the Attractiveness Map).



## HVAC for commercial buildings

- II. Pick other attractive market opportunities from your set to examine possible Backup and Growth Options.



Relatedness to your Primary Market Opportunity:

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Attractive market opportunities that do not share major risks with your Primary Market Opportunity to allow for a change in direction



Backup



Backup



Backup

### GROWTH OPTION

Attractive market opportunities that allow your business to create additional value



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- III. Design your Agile Focus Strategy:

- Keep at least one Backup and one Growth Option open
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Mark your strategy on the Agile Focus Dartboard.

# Designing a smart portfolio

Keep open at least one Backup Option and one Growth Option

## A Backup Option

allows you to change direction over time, if necessary.



It answers the question:

**If we are not successful - what shall we do next?**

## A Growth Option

allows you to create additional value over time.



It answers the question:

**If we are successful - what shall we do next?**

# What makes a good backup option?

## **A Backup Option**

allows you to change direction over time, if necessary.



It answers the question:

**If we are not successful - what shall we do next?**



A related opportunity that does not share major risks with the primary market



# What makes a good growth option?

## A Backup Option

allows you to change direction over time, if necessary.



It answers the question:

**If we are not successful - what shall we do next?**



A related opportunity that does not share major risks with the primary market

## A Growth Option

allows you to create additional value over time.



It answers the question:

**If we are successful - what shall we do next?**



An attractive opportunity that is tightly related to your primary market

# 1) Assessing relatedness to your Primary Opportunity

The more related your options are to your Primary Market Opportunity, the less effort will be required to keep them open.

Two types of relatedness need to be examined:

**Product Relatedness** is the extent to which the *development* of the two products requires similar resources and capabilities.

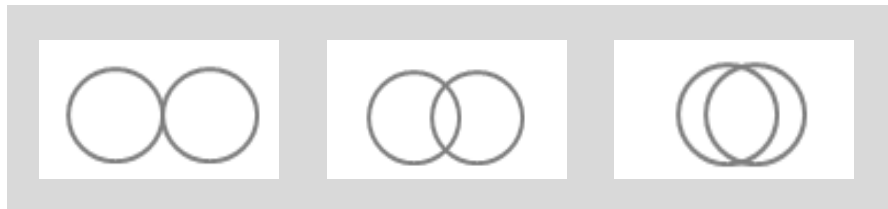
**Market Relatedness** is the extent to which the *marketing and distribution* of the two products require similar resources and capabilities.



# Assessing Product Relatedness

To what extent do the products share...

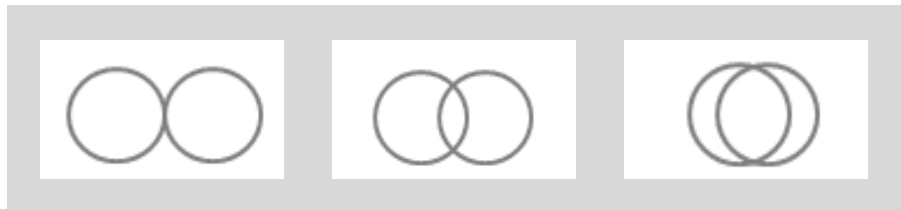
- ✓ Technological competences? (i.e., the functions and features of the products rely on similar technological developments)
- ✓ Required resources? (i.e., employees, manufacturing equipment, intellectual property etc.)
- ✓ Necessary networks? (i.e., suppliers, partners, or other members of the value chain)



# Assessing Market Relatedness

To what extent do the customers share...

- ✓ Values and benefits? (i.e., you can leverage your brand and reputation from one market to the other)
- ✓ Sales channels? (i.e., you can utilize the same distribution channels for both markets)
- ✓ Word of mouth? (i.e., satisfied customers in one market can promote your product in the other)





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## HVAC for commercial buildings

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## HVAC for residential buildings



## Elevators for commercial buildings

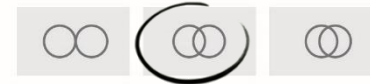


## Manufacturing machines

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☐ Backup☐ Backup☐ Backup

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Mark your strategy on the Agile Focus Dartboard.

## 2) Assessing major risks and show stoppers



**Backup options** constitute your Plan B, so they should not share the same major risks with your Primary Market Opportunity, or rely on the same major assumptions.



**Growth options** should be as attractive as possible and as closely related to your primary opportunity, so that pursuing them will require limited additional effort.

Some opportunities can serve as your Backup Option *and* as your Growth Option





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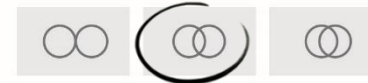


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# Investing in your Backup and Growth Options



## Keeping options open

Allocate little resources and attention to keep this opportunity 'breathing', and not to lock yourself out of it:

- ✓ Stay informed
- ✓ Build flexible resources and capabilities
- ✓ Develop an appropriate identity

These relatively low investments will make your firm more robust to change, without compromising the pursuit of your Primary Market Opportunity.





# Investing in your Backup and Growth Options



## Pursue options now, in parallel

Allocate your resources and attention to pursue both markets simultaneously and to develop the required skills and expertise for succeeding in both.

Suitability for startups depends on:

- ✓ How critical is this option to your venture's performance?
- ✓ How related is this option to your Primary Market Opportunity?



# Investing in your Backup and Growth Options

## Pursue options in parallel- Example



# What about all the other market opportunities?



## Placing options in storage

Do nothing about them, for now, only keep them in the back of your mind:

- ✓ These options can become relevant someday, either for you to pursue, or for licensing to others
- ✓ Luckily, you do not need to pay storage rent, so market opportunities can be stored as long as you wish





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Augury

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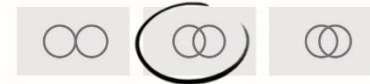


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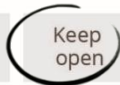
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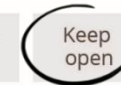
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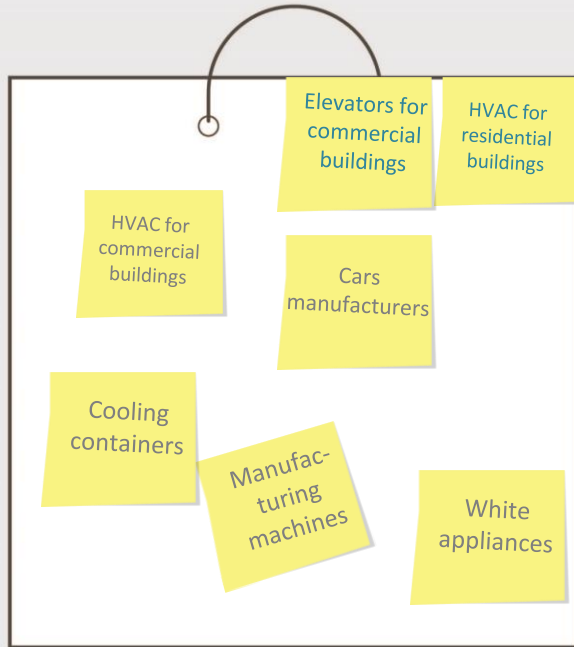
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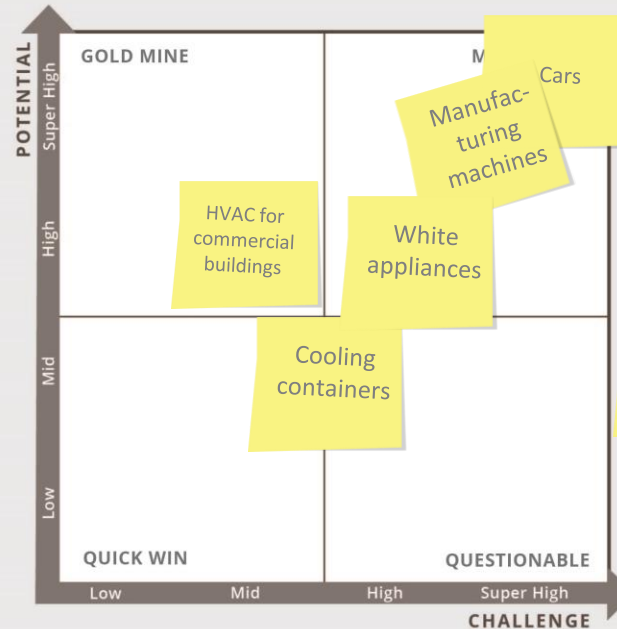
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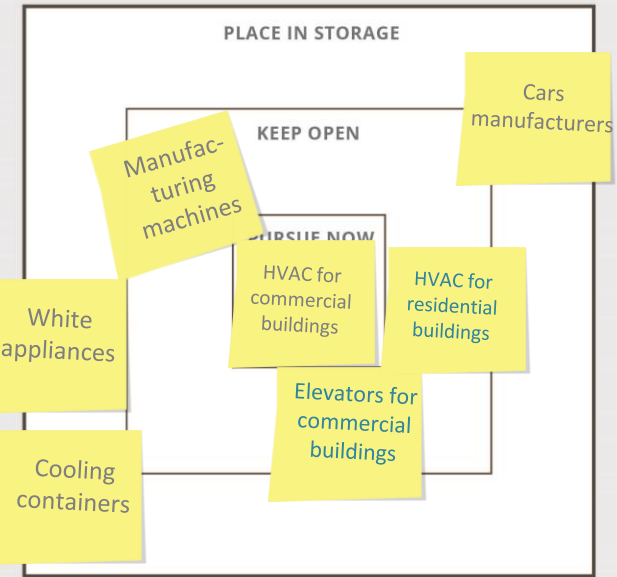
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market opportunity = any combination of application + customer  
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# Remember:



The Market Opportunity Navigator is  
designed to be **a dynamic tool.**

Therefore, you can add or dismiss options  
as you move forward with your learning  
and build your understanding.



Questions



# Implication of the Agile Focus Strategy

The resources & capabilities that you will develop and build over time

The identity, culture and structure of your venture

The branding & marketing that you will employ in your commercialization efforts





# Implication of the Agile Focus Strategy

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# Implication of the Agile Focus Strategy

The resources & capabilities that you will develop and build over time

The identity, culture and structure of your venture

The branding & marketing that you will employ in your commercialization efforts

The fundraising efforts that you will engage in



# Wrap Up Example - Flyability



Safe drones for operating indoors, in complex and confined spaces, and in contact with people



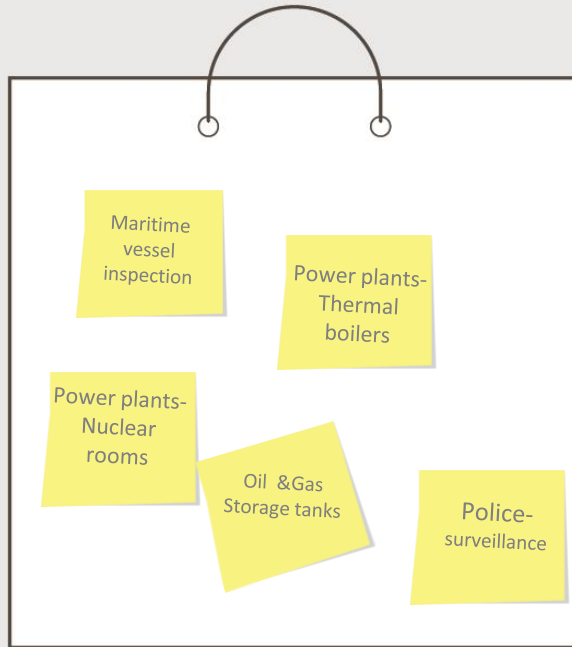
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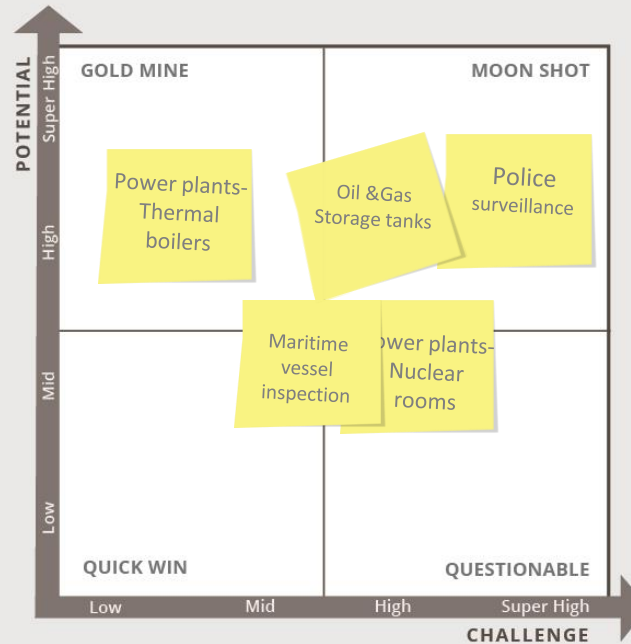
Flyability

2015



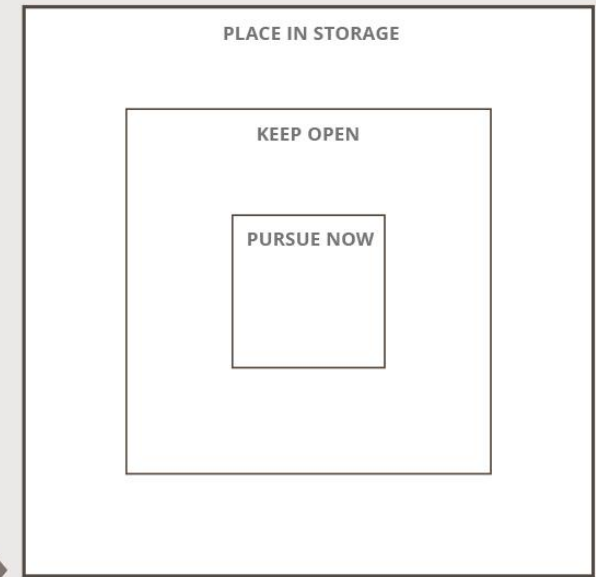
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# Now, its your turn...

- Fill out **Worksheet 3** to design your Agile Focus Strategy:
  - Step 1:** Choose your primary Market Opportunity based on the Attractiveness Map
  - Step 2:** Pick candidates for your smart portfolio, and assess their relatedness to your Primary Market Opportunity
  - Step 3:** Assess whether they are suitable to become your Backup or Growth Options
  - Step 4:** Decide how much effort to invest in each at this stage
- Depict your strategy on your **Agile Focus Dartboard**



# Guidelines for final presentation

Your final presentation should include the following information:

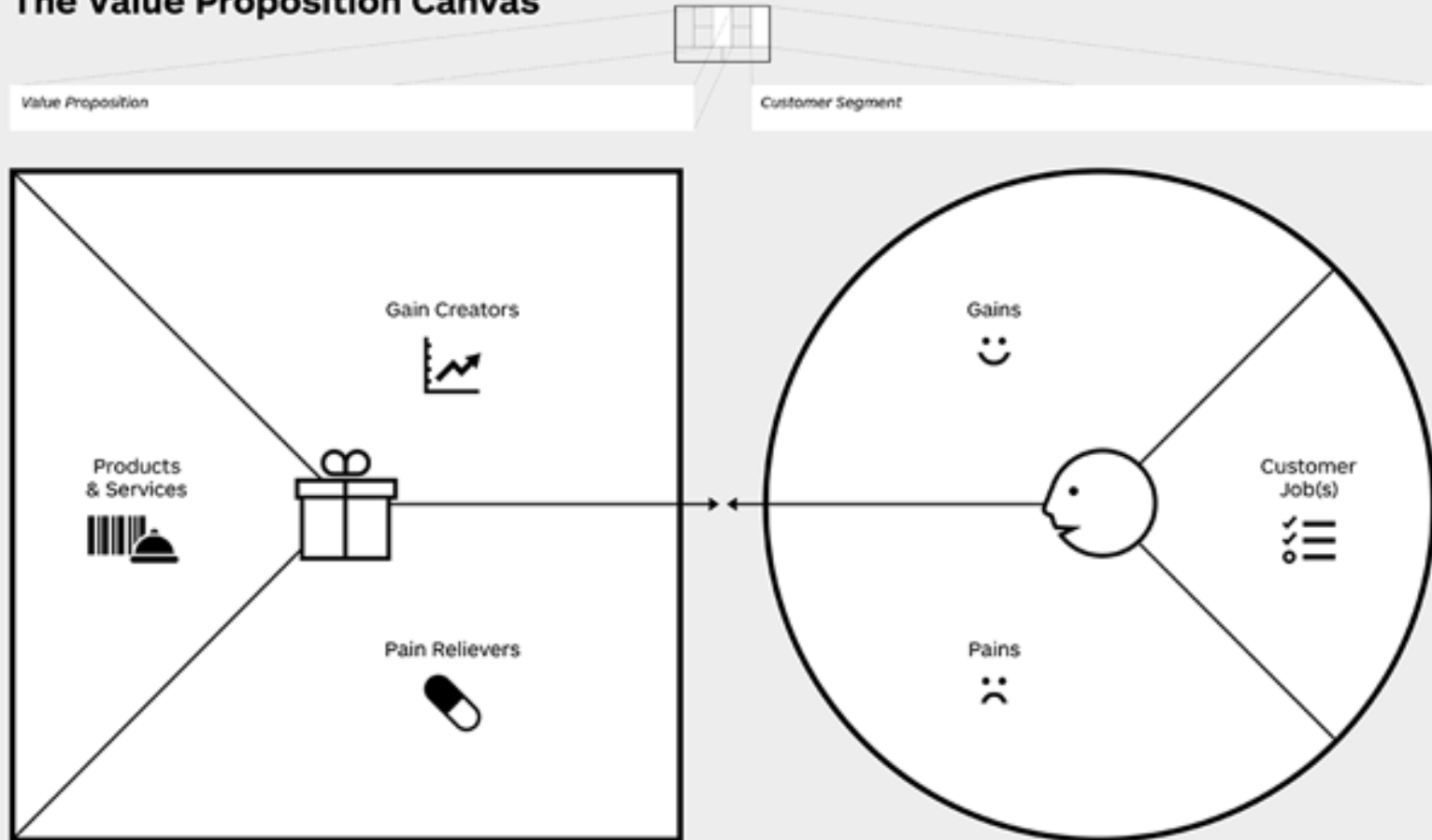
- A brief overview of the **Attractiveness Map** to base your choice of Primary Market Opportunity
- What is your **Agile Focus Strategy**? Show your filled Worksheet 3 and explain which options should be kept open for Backup or Growth and why
- Depict your strategy on the **Agile Focus Dartboard**
- Describe your **Primary Market Opportunity** in details:
  - What is your value proposition?
  - What is the estimated size of the market? How did you evaluate it?
  - Who are your main competitors? What is your advantage over them?
  - What are the major challenges/ risks in pursuing this market?



# Framework for presenting your value proposition

Recap

## The Value Proposition Canvas





# Templates for phrasing your value proposition

Recap

## 1. Geoff Moore's Value Positioning Statement

### Template

For \_\_\_\_\_ (target customer)

who \_\_\_\_\_ (statement of the need or opportunity)

our (product/service name) is  
\_\_\_\_\_ (product category)

that (statement of benefit)  
\_\_\_\_\_ .

### Sample(s)

For non-technical marketers

who struggle to find return on investment in social media

our product is a web-based analytics software

that translates engagement metrics into actionable revenue metrics.

# Templates for phrasing your value proposition



Recap

## 2. Steve Blank's XYZ

### Template

"We help X do Y doing Z".

### Sample(s)

We help non-technical marketers discover return on investment in social media by turning engagement metrics into revenue metrics.

# Templates for phrasing your value proposition

Recap

## 3. Patrick Vlaskovits & Brant Cooper's CPS

### Template

Customer: \_\_\_\_\_ (who your customer is).

Problem: \_\_\_\_\_ (what problem you're solving for the customer).

Solution: \_\_\_\_\_ (what is your solution for the problem).

### Sample(s)

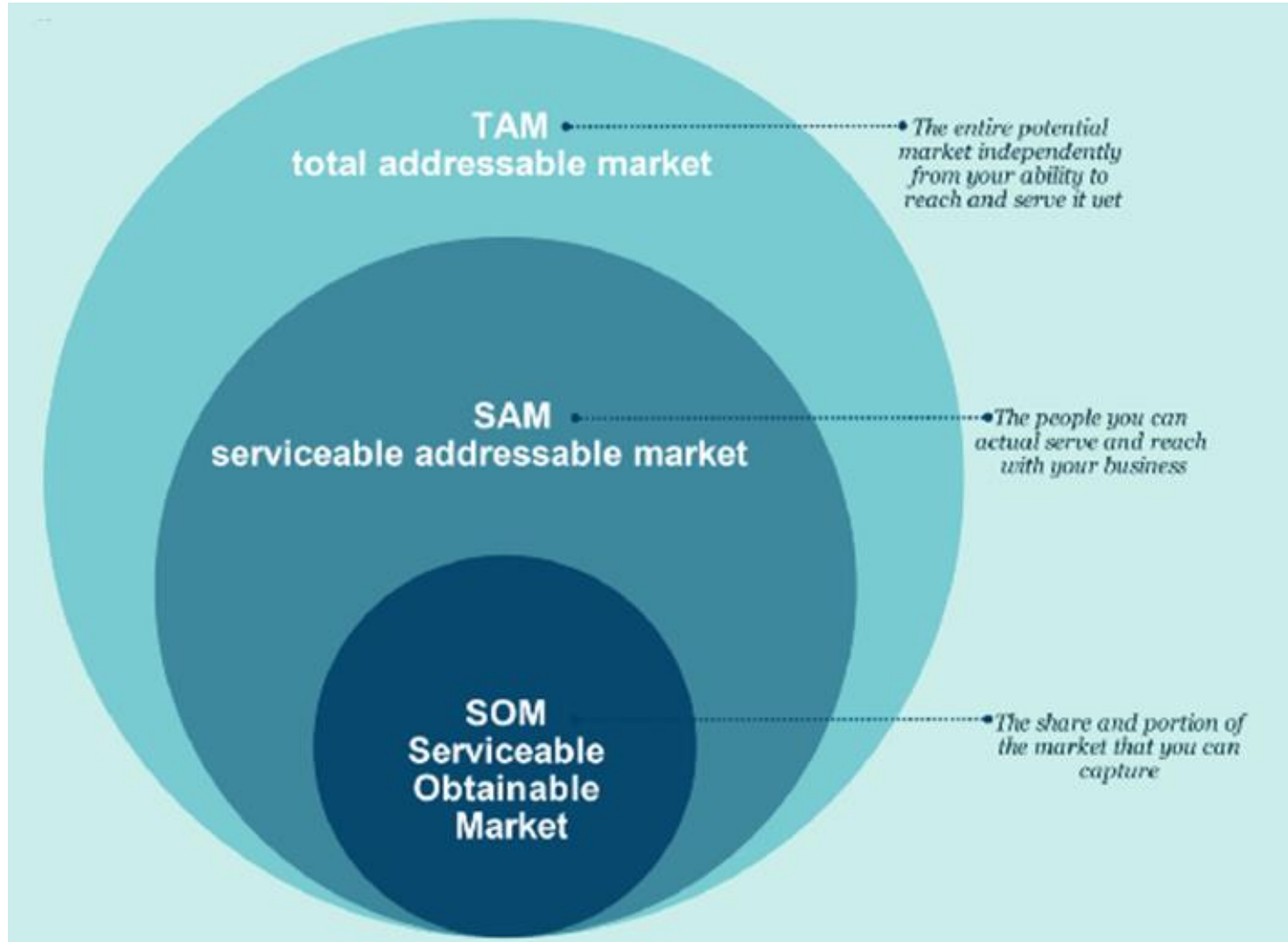
Customer: I believe my best customers are small and medium-sized business (SMB) markets.

Problem: Who cannot easily measure campaign ROI because existing solutions are too expensive, complicated to deploy, display a dizzying array of non-actionable charts.

Solution: Low cost, easy to deploy analytics system designed for non-technical marketers who need actionable metrics.

# Framework for assessing market volume

Recap



# Framework for summarizing your Competitive advantage (1)

Recap

## Competitive Landscape

	<i>Pinterest</i>	<i>Telly</i>	#waywire	VID interest
User Friendly	✓	✗	✗	✓
Privacy	✓	✗	✗	✓
Keyword follow	✗	✗	✗	✓
Playlist follow	✗	✗	✗	✓
Video Bookmarks	✓	✓	✓	✓
Video <u>Autonext</u>	✗	✓	✓	✓
Video Shuffle	✗	✗	✗	✓

# Framework for summarizing your Competitive advantage (2)

Recap

## PERCEPTUAL MAPPING



# Guidelines for final presentation

- The presentations will be held on Tuesday, Nov 30.
- Each group will have 15 minutes to present + 10 minutes for discussion/ Q&As.
- Please send your presentations before 14:00 on Nov 30 to: [iesharon@technion.ac.il](mailto:iesharon@technion.ac.il).
- I am here to help you, feel free to ask us anything!



Questions

