

Strategy 848, New Ventures 1

Opportunity Evaluation

Project name:

Recommendation:

1) Market opportunity

- a) **Environment:** What is the potential customer's current environment? Here you should describe a set of behaviors or processes that exist among a set of individuals or organizations. What is the goal or intended outcome of the processes? What else do these behaviors relate to?

Answer:

- b) **Need/problem:** What is the need or problem that you observe? Characterize it in as much depth and detail as you can.

Answer:

- c) **Potential customers:** Characterize the class of people or organizations that have the need or problem that you identify. What are the key characteristics that make them have this need/problem?

Answer:

- d) **Examples:** Describe some cases that support your hypothesis.

Answer:

- e) **Segments:** Are there important differences among potential customers (i.e., relative to the need/problem you have identified)? Is there a basis for classifying potential customers?

Answer:

- f) **Value:** How severe or acute is the need or problem you have identified? Is the need/problem readily identified by potential customers (i.e., do they recognize that they have it)? What would be the basis for articulating (or quantifying) a value of a solution?

Answer:

- g) **Buying process:** How would a potential customer buy a solution? Who makes the decision? Do others need to approve? Who influences the decision? Is there a budgeting process? How long does this take? Can you control your own destiny or do channel partner own the customer relation?

Answer:

- h) **Value chain:** How would a solution to the identified need/problem relate to other products and services? Would a solution be acquired as a completely independent decision or would complementary products or services be required? If the latter, who supplies these products and services? How would they be integrated with your proposed solution? Who would perform this integration? Is any part of the value chain characterized by monopoly or highly concentrated power? If so, how does your proposed solution align with the powerful firms?

Answer:

- i) **Obstacles:** What are the major barriers or obstacles to the purchase and use of a solution to the identified need or problem? Would a solution be disruptive in any way? Are there people whose roles would be threatened? Are there relationships that would be threatened? Are you relying on other nascent industries and/or products or technologies to be adopted?

Answer:

- j) **Preliminary sizing:** How many organizations or individuals have the need/problem you have identified? If relevant, how pervasive is the need within an organization? Are there issues of penetration or frequency of use? Can you translate this information into a preliminary market sizing? What are the assumptions and logic behind that translation?

Answer:

2) Solution feasibility

- a) **Parameters:** The valuation process applies to a wide variety of needs and possible customers. In each case, the nature of the problem, the customer and the environment determine a set of characteristics of an acceptable solution. These can be things like cost, function, efficacy, size, usability, performance, style, etc. What are the important parameters that must be satisfied for a solution to the need/problem you identified to be acceptable to the potential customers?

Answer:

- b) **Proposed solution:** What is the solution that you propose to deliver to customers? Your description does not have to be detailed in all areas, but should attempt to be complete, that is, include all important elements of the solution.

Answer:

- c) **Technology:** Are there any new or unproven technologies involved in your solution?

Answer:

- d) **Science:** Is there new or unproven science involved in your solution?

Answer:

- e) **Feasibility:** What is the evidence that your proposed solution can be delivered within the parameters given? What are the major unknowns; what questions need to be answered before feasibility can be established?

Answer:

- f) **Production/scalability:** Does this company require production at high volume? Can you produce reliably and profitably at high volume? Can you produce at positive gross margin at low volumes? Will overhead remain relatively flat as volume grows?

Answer:

- g) **Prototype:** A prototype is a vehicle for demonstrating and testing the proposed solution. What prototype would you propose for your solution? Outline a plan to build this prototype. How long would this take and how much would it cost?

Answer:

3) Sustainable competitive advantage

- a) **Current solution:** Does the potential customer already have solutions to the need/problem you identify? What are they? What are their shortcomings? Does the customer perceive these shortcomings?

Answer:

- b) **Direct competitors:** Will there be direct competitors to your solution? What are they and what are their strengths and weaknesses?

Answer:

- c) **Alternatives:** Are there other possible approaches to solving the need/problem? What are they and what are their strengths and weaknesses?

Answer:

- d) **Competitive advantage:** What is your hypothesis of the competitive advantage of your solution? What is the value associated with that advantage?

Answer:

- e) **Uniqueness and protection:** Is your advantage unique? Can it be protected? If so, how?

Answer:

- f) **Likely responses:** Who are the most likely competitors? What will their likely response be and how strong will it be? What alternatives are likely to arise and how strong will they be?

Answer:

4) Team

- a) **Skills:** What skills are required to launch your venture successfully and capitalize on the opportunity you identify? Your description should focus on the skill sets that are more unique to your venture, but keep in mind more generic business skills as well.

Answer:

- b) **Experiences:** Are there particular experiences that are required in your team? If so, why and how will they apply?

Answer:

- c) **Relationships:** Are there relationships with particular customers, suppliers, partners or other industry players that would be particularly important to the success of your venture?

Answer:

- d) **Timing:** Create a rough timeline for assembling the team outlined by your responses to the questions above.

Answer:

- e) **Sources:** Where would you look to assemble the team that you have outlined?

Answer:

5) Risk / reward

- a) **Risk:** What are the main sources of risk for this new venture? Can you quantify these risks in any way?
- i) Customer / market risk
 - ii) Technology risk
 - iii) Competition risk
 - iv) Regulatory risk
 - v) Broad economic or societal risk

Answer:

- b) **Managing Risk:** Which of these risks can be controlled by you? Can be mitigated by you? Which of these are totally outside your control? Can your business model be adjusted to account for different risks?

Answer:

- c) **Scenarios:** Describe 3 – 4 scenarios of possible outcomes for your venture. These should be articulated in terms of core assumptions that underlie each scenario.

Answer:

- d) **Financial projections:** Describe the projected financial performance of your venture in each of these scenarios. Work from a bottom-up approach (how many units can I sell...) as well as a top-down approach (what do my numbers look like if I capture x% of the market? How reasonable is that?). Although projections at this stage will be rough, you will still need to strive to make them internally consistent.

Answer:

- e) **Likelihood:** What is the likelihood of the various scenarios and what is the basis for these judgments?

Answer: