

THINKING LIKE AN ENTREPRENEUR

LESSON 2: HOW DO I KNOW WHICH PATH IS RIGHT FOR ME?



 Before jumping into this worksheet, read the Thinking Like an Entrepreneur **lesson 2 handout “How do I know which path is right for me?”**

 See the **video lecture “Thinking Like an Entrepreneur: Which path is right for you”** for a summary of different commercialization pathways.

Overview

These activities guide you through the process of analyzing your market, while helping you to synthesize what you’ve learned so far: how do your personal aspirations and your understanding of the external market conditions influence which paths might be best for you and your product?

1. Calculating market size

Step 1: Describe your possible market segments in 5-10 words

Potential segment #1 _____

Potential segment #2 _____

Potential segment #3 _____

Step 2: Go online and see what information you can find about these market segments; refine the title of the segment(s) if needed. *(This can take anywhere from 1-10+ hours. For a first-pass practice, see what you can find out within 1 hour)*

Step 3: Calculate your total addressable market (TAM) with a top-down estimate. TAM is estimated by asking “if EVERYONE in your market globally bought your product and you had 100% market share (no one else was a competitor), how many dollars could you make in one year?”

Find industry reports or other articles that discuss industry trends and make notes in the table below.

Market description <i>Ex: "Automotive accessories" not "automotive industry"</i>	Information source	Data point: for TAM or SAM?

Experiment with ways to narrow the field as much as possible in order to get a specific TAM. Then further segment the market to get to a specific SAM.

My TAM is _____ because _____.

Step 4: Calculate the serviceable addressable market (SAM) with a bottom-up method.

SAM = number of customers in your market segment * price of product

In the table below, try calculating SAM with different inputs that you find from research online or by talking to people who know about the industry.

Market segment description <i>Ex: "Automotive accessories" (TAM) → "Luxury car seats in the USA" (SAM)</i>	Number of Customers	Price of product	Estimated SAM

2. Conducting high-level market analysis

Step 1: Analyze the competition

- The best way to learn about them is to ask your potential customers, to google search for items similar to yours, and to search amazon.com reviews (if the product is for consumers).
- Consider substitutes, look-alikes, and doing nothing.



EXAMPLE

Scenario: You have designed a perfect, gorgeous pen that has a tiny locator beacon that connects to your phone. You listed substitutes and conducted an internet search for “high-end pens.”

Competitor	Why customers like it	Why customers don't like it	Competitive threat level
Bic ballpoint pens	Inexpensive, can buy in bulk, smear-free ink	Looks “cheap”	Medium
Pencils	Can shade with it, inexpensive can buy in bulk, erasable	Writing can smear	Low
Typing on a computer	Fast, can send messages faster than written messages	Requires electricity	Low
Montblanc pen	Feels nice to hold, smooth & elegant writing, fancy accessory	Expensive, worry about losing it	High

Now try it yourself. Use the chart below, a notebook, or a poster.

Competitor	Why customers like it	Why customers don't like it	Competitive threat level

Step 2: Consider regulatory or certification issues

What permits, certifications, or regulatory clearances will your product need? What agency or organization issues them?

How long does the process take? How much is it likely to cost—for filing the permit and the testing to collect key data?

Step 3: Notice market trends

While doing your research, what do you notice about the industry? What are the major concerns or opportunities being discussed? How receptive is your industry to new innovations? Is the industry crowded with new competitors? What are the implications for you?

3. Reflecting on pathways to market

Which pathways to market are the most interesting fit for your goals and aspirations? Why?

Given your market analysis, which pathways are most likely to be successful? (Remember, market size and market conditions often influence who is most willing to work with you to commercialize your innovation)

What information would you need from other people so that you can make a decision?

4. Keep track of questions

As an entrepreneurial thinker, your learning will continue far beyond completing this worksheet. It's completely normal to have incomplete information about your competitors and the market conditions at this stage!

As you've worked through this activity, what questions have come up about your markets? What actions can you take to find out the answers?

Market Question	Action: where to look for answers