**MODULE M5 CONDUCTING A BUSINESS OPPORTUNITY ANALYSIS**

**1. Rationale**

We must determine where our new business (or existing business) must compete. Ideally it would like to compete where there is high return, where competition is weak, demand is sustainable and its technology is robust.

**2. Definition**

This is a process of matching your ideas against the criteria the company has chosen to evaluate opportunities.

**3. Advantages**

At each stage of the process there is an increasing cost of failure. This system allows the exercise of judgement at each stage.

**4. Action Points**

Chart M5A shows the development of an idea through four cycles of analysis before moving the project forward to the next stage at which the cost structures are typically ten times higher. At each stage a decision can be reached. At each stage a set of intervals is used for making the decision.

The system analysis process can be used for projects with either a technological or a business background.

Chart M5B shows the ways in which new business ideas can be generated.

**5. Do’s and Don’ts**

* Do a set of assessments criteria for each stage.
* Do assessment carefully at each stage.

**6. Thought Provoking Questions**

Will the ideas really succeed?

Have I evaluated all the risks?

**CHART M5 BUSINESS OPPORTUNITY ANALYSIS**

**A. TRAPPED VALUE**

**1. Creating more efficient markets**

**2. Creating more efficient value systems**

**3. Enabling ease of access**

**4. Disrupting current pricing power.**

**B. NEW TO THE WORLD**

**5. Customise offering**

**6. Radically extend reach and access**

**7. Build communities**

**8. Enable collaboration among multiple people**

**across location and time**

**9. Introduce new functionality or expertise.**

**Source:** Introduction to eCommerce

Rayport and Jaworski

McGrawHill 2002