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## **Porter's Five Forces**

- Competition in the industry - The number of competitors and their ability to under cut a company
- New entrants into the industry - How easy it is to enter the market.
- Power of suppliers - How easily suppliers of key inputs of a good or service can drive up the cost of inputs.
- Power of customers - How easily customers can drive prices lower.
- Threat of substitutes - How easily a firm's good or service can be substituted

## **Chapter 1**

Entrepreneurship - The pursuit of opportunity beyond resources controlled.

### **Types of Risk**

- Demand risk - Prospective customer's willingness to adopt.
- Technology risk - Technical skills and available technology needed to implement a solution
- Execution risk - Ability to attract employees and partners to implement a solution
- Financing risk - Procuring external capital

### **Types of Entrepreneurs**

- Small business and Lifestyle entrepreneurs.
- Franchise entrepreneurs.
- Professional fast growth and serial entrepreneurs
- Corporate entrepreneurs and intrapreneurs.
- Extrapreneurs.
- Creative disruptors and innovators.
- Extreme entrepreneur.
- Social and non-profit entrepreneurs

Small business and Lifestyle

An individual who establishes and manages a business for the primary purpose of advancing personal goals and maintaining their lifestyle.

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### Franchise

An individual who purchases franchising rights to an already established business to start and manage a business in the name of that business.

### Professional

An individual who creates a business, builds it up to a certain point, and then relinquishes control to a third party to start another business.

### Intrapreneur

The development of new business ideas and business activity within the context of large and already established companies.

### Extrapreneurs

An individual who works on contract alongside an already established business to develop the business's model or create new productions and services on behalf of the business.

### Innovators

An individual with innovations with the potential to deeply impact the current state of the market.

### Extreme

"Part explorer and inventor"

### Non-profit

An entrepreneur who reinvests their profits to support the company's social mission instead of paying it out to shareholders.

## Opportunity

Assessing opportunities to decide whether to pursue them or not.

**BEST (Business Evaluation Scoring Technique)** A scoring technique used to help entrepreneurs evaluate a group of ideas before deciding which ones to pursue.

## Chapter 3

### Customer Segment

The customer base a business appeals to. Denoted by customer gender, age, interests, buying habits and demographics.

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**Mass Market** Appealing to a wide cross-section of the population. Does not distinguish between customer segments. Value Propositions, distribution channels, and customer relationships all focus on one large group of customer segments with broadly similar needs and problems.

**Niche Market** Targets markets with clearly defined characteristics and very specific needs. The value propositions, distribution channels, and customer relationships are clearly linked to particular requirements of a niche market.

**Segmented Market** Targets customer segments which may have slightly different needs and problems. The company creates different value propositions, distribution channels and customer relationships according to differences.

**Diversified Market** Serves customer segments with very different needs and problems. The customer personas have a few overlaps, but based on varying reasons; the company sees value in investing in appealing to both unrelated customer segments.

**Multi-sided platforms or markets** Individually targets interdependent customer segments.

**Value Proposition** The unique value the product or service provides over its competitors. Describes the package of products and services that create value for a specific customer segment.

**Channels** The means a company communicates with and reaches its target customer segment with its value proposition.

Types

- Communication
- Distribution
- Sales

Functions

- Raising customer awareness of the product.
- Helping customers evaluate value proposition.
- Providing post purchase customer support.

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## Chapter 4

## Chapter 5

**Total Addressable Market (TAM)** The aggregate market demand for a product or service.

**Serviceable Available Market (SAM)** A subdivision of the TAM that is within the reach of a product or service's target.

**Serviceable Obtainable Market (SOM)** A subdivision of the SAM that a product/service can exploit.

**Calculating the TAM** Top-Down

- Using industry research and reports.
- Statements like "We serve a X a Y billion dollar industry".
- Based on significantly little information.
- Assumes the company's disruptive product won't change the size of the TAM meaningfully.
- If the product is creating a new market, existing market figures could be irrelevant as the new market may end up downsizing the existing market.

Bottom-Up

- Using data from early selling efforts.
- Statements like "Our product costs X and we can sell Y units at that price".
- Results in tangible and relatable data on current pricing/usage.

Value theory

Using conjecture about buyer willingness to pay.

## Chapter 6

**Positioning Statement**

A concise description of a firm's target audience and how they want to be perceived by that target audience.

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## **Sales Funnel**

A multi-step, multi-modal process that converts prospective customers into customers.

**AIDA (Awareness Interest Desire Action)** Marketing model to grab customer attention, spark interest in a firm's venture and convince them to act on that new found interest.

**Awareness** Grabbing the attention of prospective buyers once they encounter a firm's product.

**Interest** Generating consumer interest/engagement in a firm's product.

**Desire** Generating desire in consumers to consume a firm's product. Desire in the sense that the consumer has a drive to consume the product to gain satisfaction.

**Action** The customer is convinced of the value of a firm's product and is presented with a call to action, .i.e the purchase.