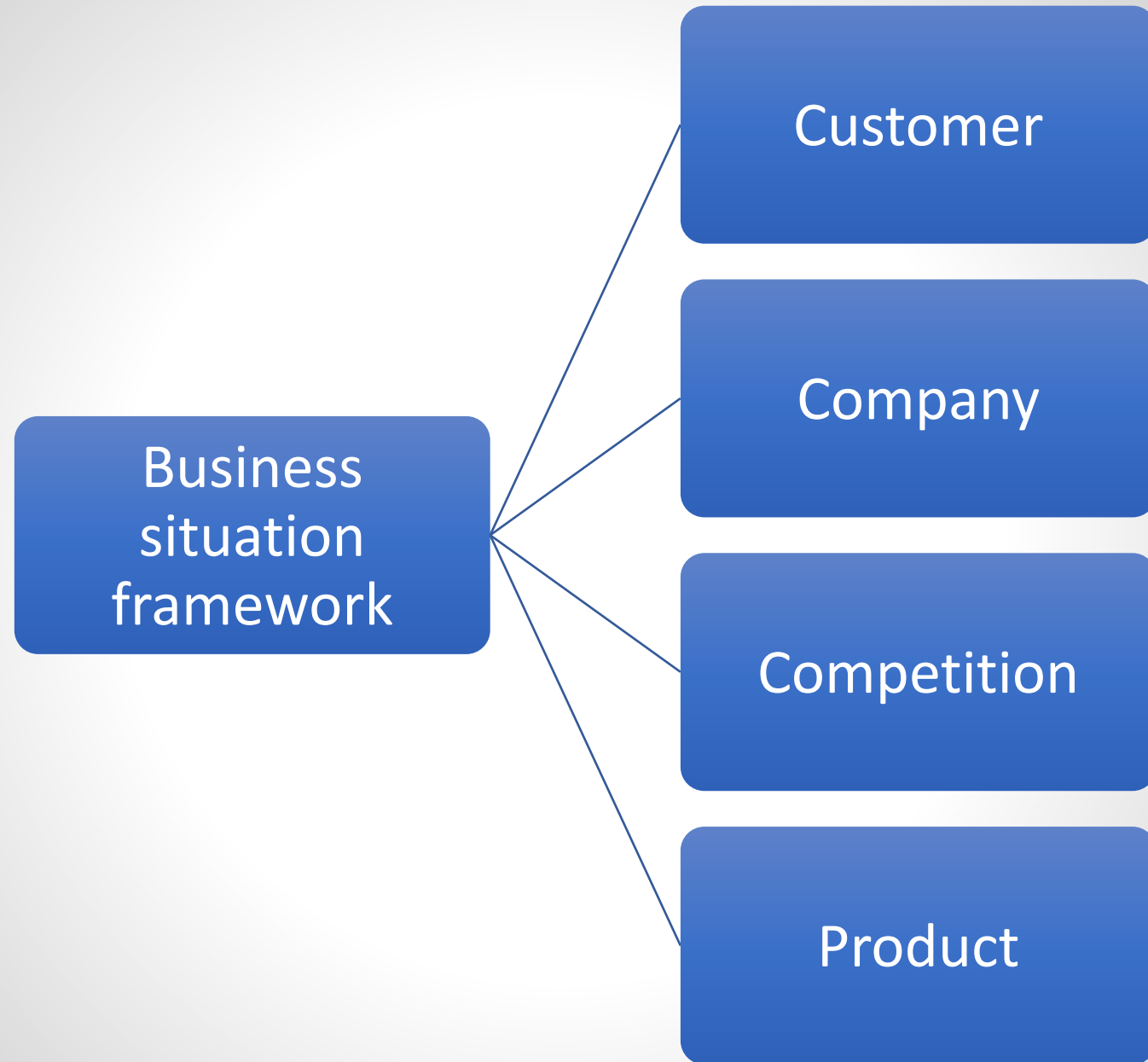


BUSINESS SITUATION framework is applicable for:

- new market entry;
- introducing a new product;
- starting a new business;
- developing a growth strategy;
- divesting;
- making a turnaround.



Business situation framework

Customer

Identify segments, segment size, growth rate, share of the market and trends

Key needs of each segment

Price sensitivity of each segment

Distribution channel preference by segment

Customer concentration and power

Product

Nature of product (what it does, how it is used, why it is useful?)

Commodity or differentiable good

Complementary goods

Substitutes (indirect competitors)

Product lifestyle (new vs obsolete)

Packaging

Company

Capabilities and expertise

Distribution channels

Cost structure (fixed vs variable)

Investment cost

Intangibles

Financial situation

Organizational structure

Competition

Competitor market share concentration

Competitor behaviors (target segment, products, pricing, distribution)

Best practices (are they doing things we are not?)

Barriers to entry

Supplier concentration

Regulatory environment

Customer

```
graph LR; Customer((Customer)) --- A[Customer segments  
-size, growth rate,  
percentage of the market  
-trends]; Customer --- B[Key needs of each segment]; Customer --- C[Price sensitivity of each segment]; Customer --- D[Distribution channel preference by segment]; Customer --- E[Customer concentration and power];
```

Customer segments

*-size, growth rate,
percentage of the market
-trends*

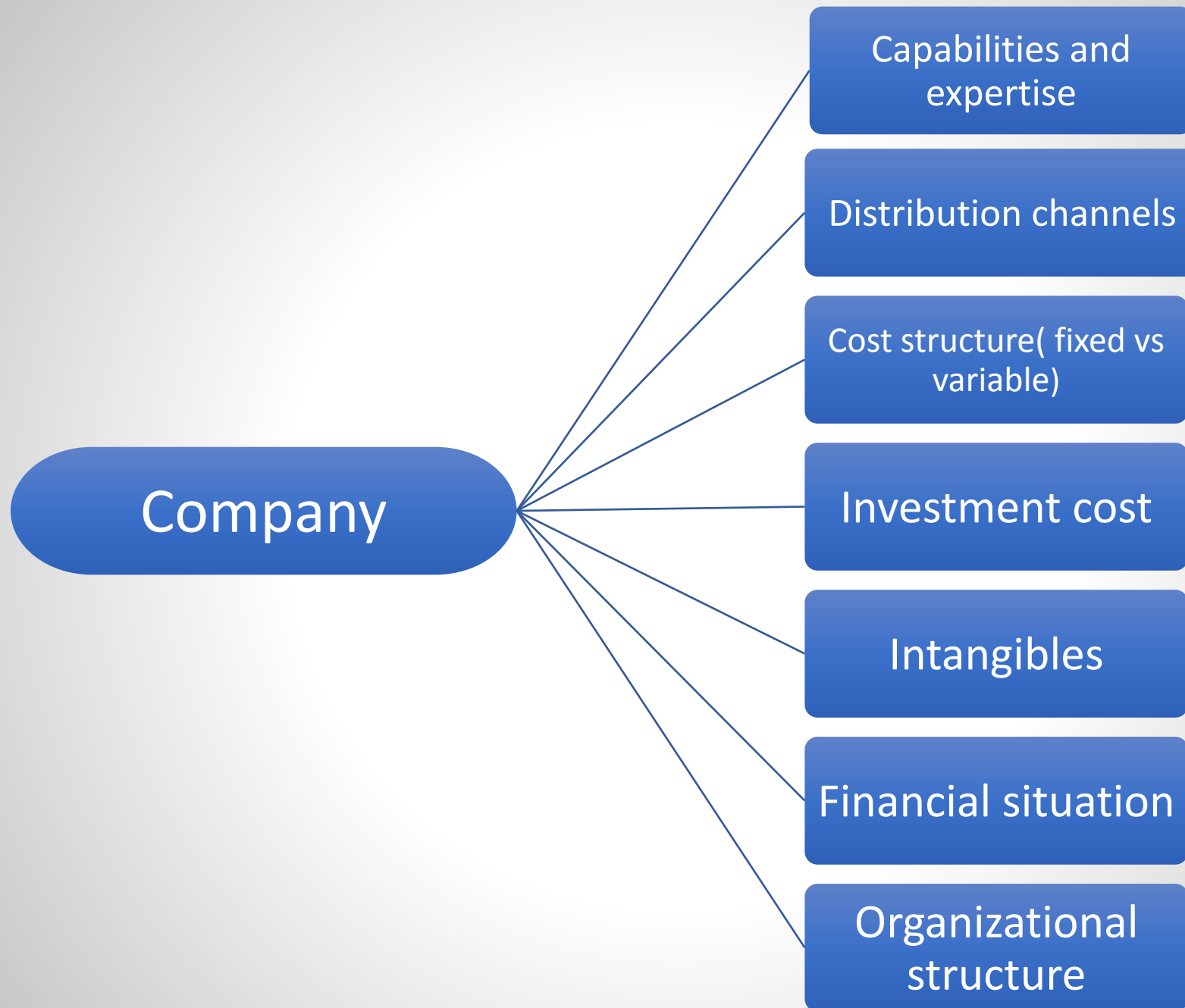
Key needs of each segment

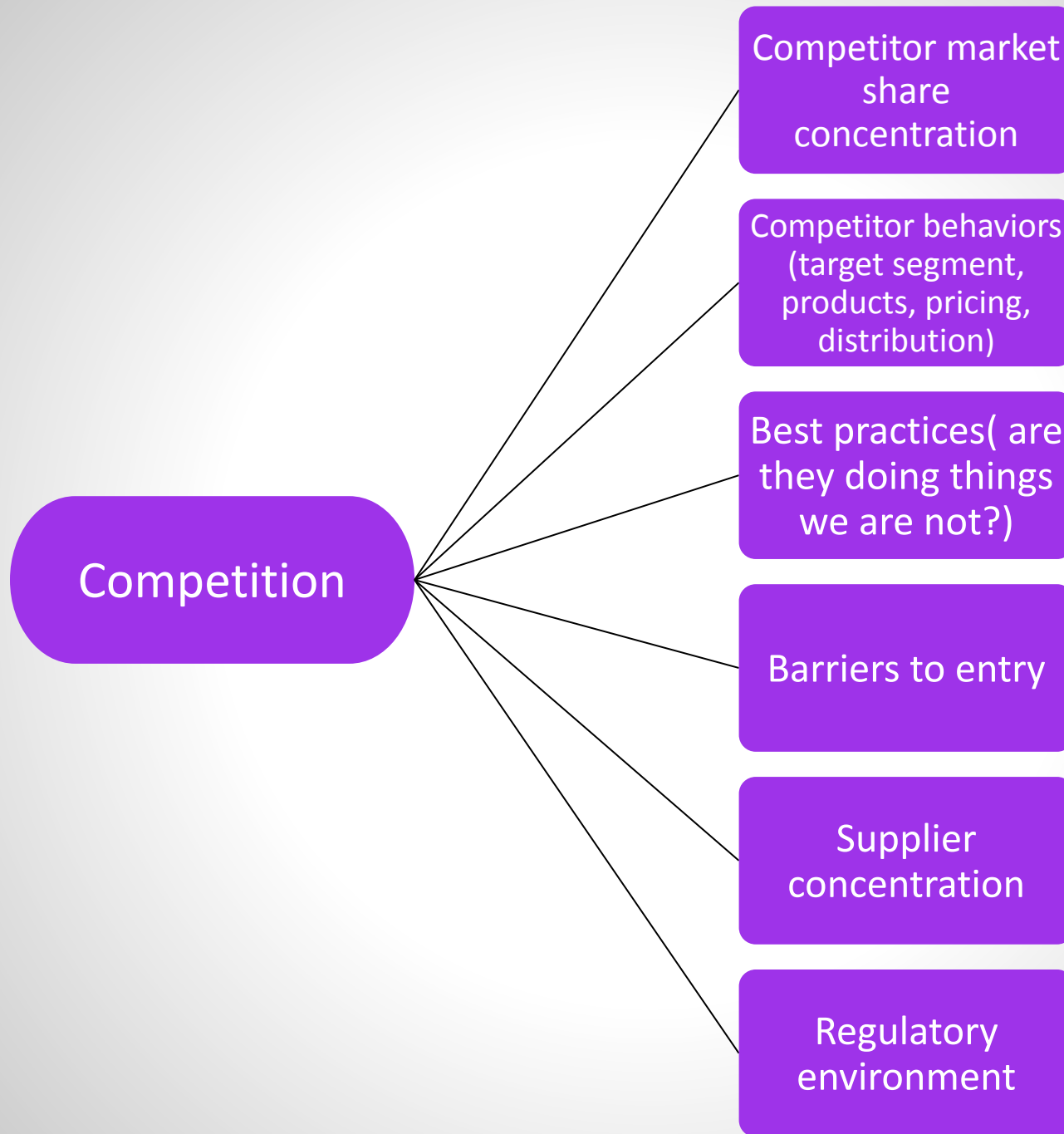
Price sensitivity of each segment

Distribution channel preference by segment

Customer concentration and power

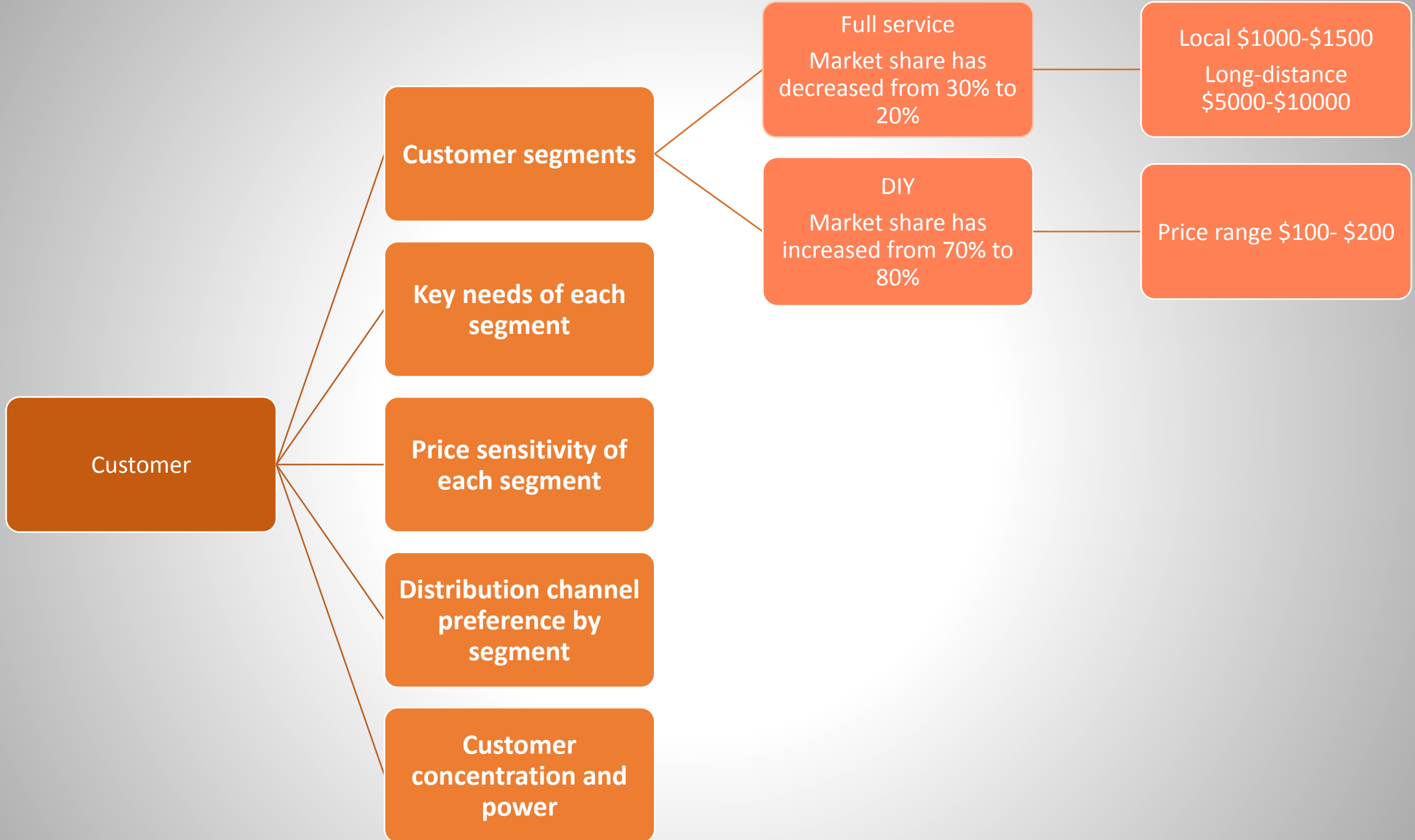




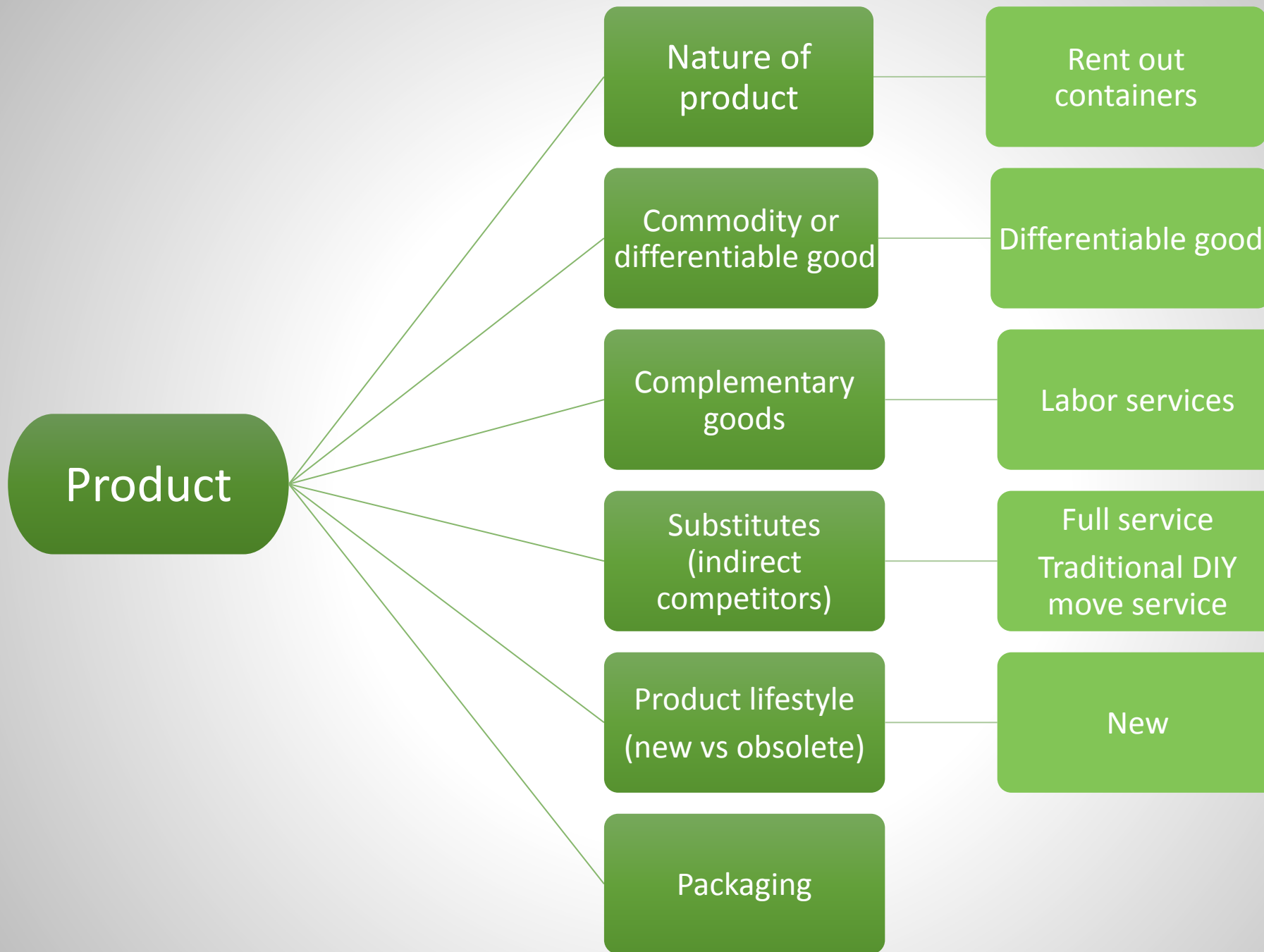


Market entry case

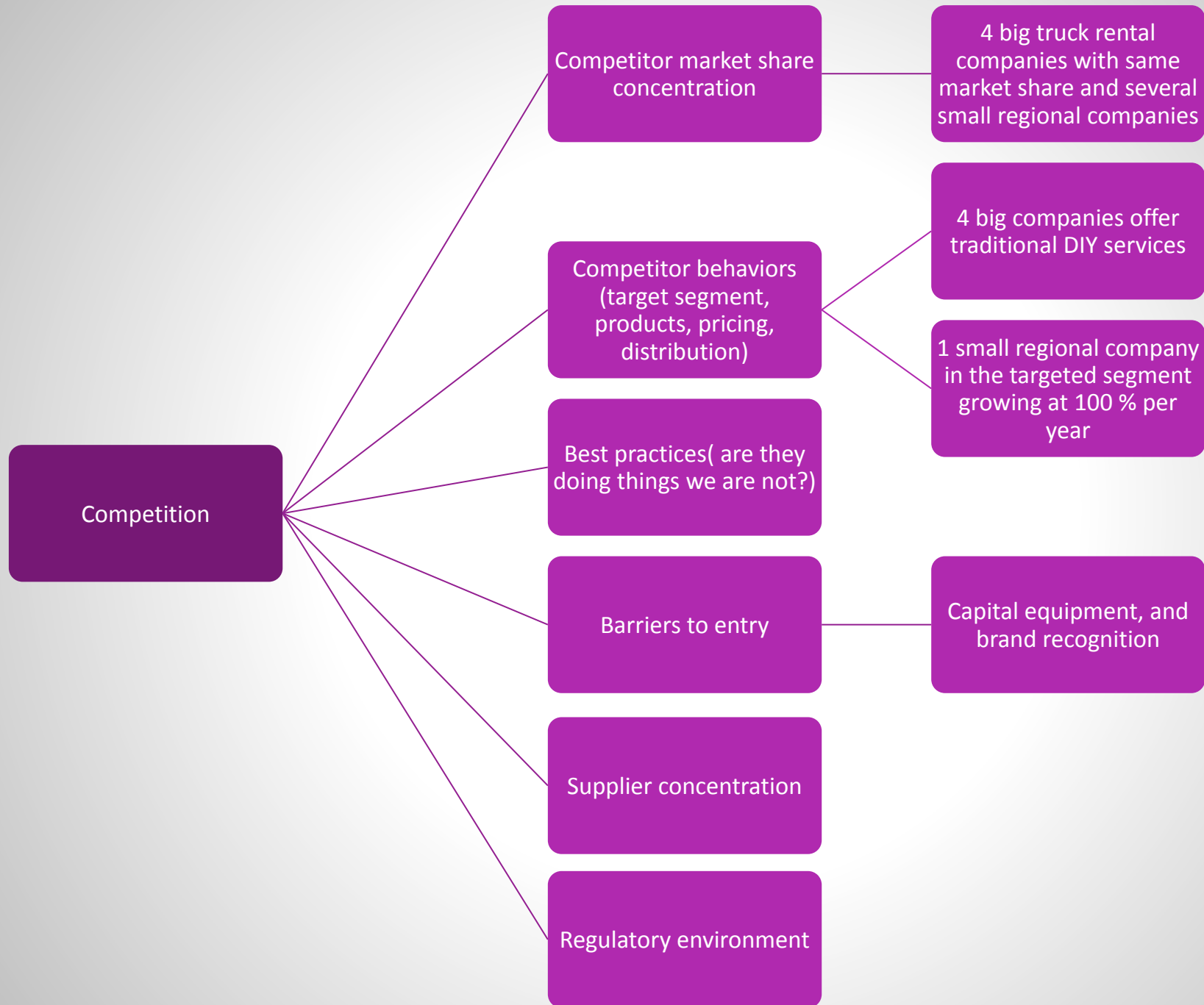
- Your client is a company in the garbage hauling industry. It is a 4\$ billion a year company, which primarily works with industrial and commercial buildings.
- The company considers entering the moving industry. Their idea is that the customer rents a container that is placed on their property, and then that container is then moved whenever they would like it to be moved.
- **Question: Should the company enter the market?**



DIY segment is lower priced, but growing segment that takes 80% of the market.
Hence, DIY market is more promising.



The service represents an alternative to existing services in the market. It is favorable to add complementary service of the labor.



Even though the do it yourself segment is quite difficult to get into due to the brand recognition issues, and the existing competitors, this new top segment of rent out containers seems quite promising.

Company

Capabilities and expertise

- Revenue=\$4 billion a year
- Represented in majority of the states in USA
- High level of expertise in trash moving
- Technical capability is not sufficient, but company is willing to invest

Distribution channels

Cost Structure

Fixed Cost=\$2 billion
Variable Costs=1.5 billion

Investment Costs

\$600000
ROI=66%

Intangibles

No brand recognition in residential moving market

Financial Situation

Has money to invest in new product

Organizational Structure

Despite that company has no brand recognition and technical capability to enter the market, the company can gain by entering the market. It has enough financial resources to bear investment costs required to develop technical capability.

Should we enter the market?

- 1) *DIY market is growing*
- 2) *there is no competition at the moment in the rent out container segment, and the existing player has been growing 100 percent.*
- 3) *company has no brand recognition and technical capability to enter the market at the present time*
- 4) *Company has financial resources to invest in new segment and enhance technical capability*
- 5) *investment return is high*

Summary:

- Make hypotheses to save your time
- Use top-down analysis to prove your hypothesis
- Use frameworks to make case more graspable
- Use structure to strengthen your thinking
- Feel free to be MECE
- BUT, REMEMBER
- Frameworks are not magic bullets, so do not become a framework robot