



Decision-Making Framework for **New Market Opportunities**

A Chance to Grow



Welcome to the Decision-Making Framework for New Market Opportunities!

Market opportunities can present themselves in a variety of ways: a customer could ask your company to expand geographically, an employee might offer up specific skills, or a new market in need of service can impose a strong pull. If you are currently considering a new market, whether you systematically plan for growth or an opportunity has recently shown up on your doorstep, this framework is designed to help.

Growth through market entry provides the opportunity to develop and motivate personnel, expand the brand, better serve customers, and mitigate market risks. Unfortunately, statistics show only *one out of five* market entry decisions are successful. One of the reasons is most leaders make these types of market entry decisions once or twice in their careers; not enough to build experience. Make sure you use this 20-page framework to learn from the experiences of other sheet metal & HVAC contractors and increase your decision's likelihood of success.

Although a standardized decision-making process greatly improves the likelihood of a successful market entry, our survey of sheet metal & HVAC contractors indicates only 6% of contractors have a formal process in place. This framework provides a decision process for you based on input from over 200 sheet metal & HVAC contractors.

Your Decision

Take a look at the figure below to see where your opportunity falls. Are you considering a new line of work, or a new market for your existing line of work? Are you planning to do both at the same time?

		Where we work / Who we work with	
		Same	New
What we do	Same	N/A (Not considered a new market entry)	<ul style="list-style-type: none"> Geographical expansion Size of projects Type of projects Type of customers
	New	<ul style="list-style-type: none"> Add a new trade Add HVAC service New technology New process 	N/A (Very risky)

This framework was created for decisions in the top-right and bottom-left quadrants. If you are looking to increase your market share (top-left), other tools are probably a better fit. If you are considering providing a new service to an unfamiliar customer (bottom-right), this type of move is very risky. Therefore, we encourage you to break your market entry into steps, making just one change at a time.

Decision-Making Phases

There are three key phases in the market entry decision-making framework: (1) definition, (2) analysis, and (3) planning. Move through the phases in the proposed order to get the best results.

Phase 1 Definition consists of three steps; *understand today's company, define the decision, and choose decision makers*. This phase directs your attention towards how the new market fits into the bigger picture for your company.

Phase 2 Analysis is a five-step process. The first two steps, *review experiences of others and lessons learned*, help you broaden your perspective by learning from other sheet metal & HVAC contractors. The next three steps, *assess key factors, identify challenges, and determine the exit strategy*, dig into the details of your current decision.

Phase 3 Planning consists of the final two steps: *define action items and timeline, and create the implementation strategy*. These steps will help you put a system into place to continually evaluate your success in the market.

Instructions

Document Navigation

The framework presented next is designed to start with Step 1 and continue to the end. However, if you are stuck on a step, don't let it bog you down! Skip ahead to the next step, and return later, when you have gathered the necessary information, people, or resources.

Flow Chart

A complete flow chart including the three decision phases is provided on the following page. Within the chart you will also see "stop signs" which represent Go/No-go decision points.

Go/No-go Decisions

You will be asked to make a Go/No-go decision at four points during the decision-making process. At these points, reflect on your assessment so far. Choosing "Go" means it is worthwhile to continue analyzing the market. Choosing "No-go" means critical issues have come up making it impractical to continue considering the new market entry.



Time of Engagement

The time required to enter a new market will vary based on the circumstances. You may have the luxury of time or there may be reasons to act quickly. Regardless, a commitment to this approach and a disciplined review will ensure you have considered the most important factors and are making an informed decision. Research has found sheet metal & HVAC contractors who spend more time considering their entry are significantly more likely to succeed. Decisions are similar to projects; more upfront consideration and understanding improves performance.

Step 6: Assess key factors

Through 150 individual assessments and 27 group assessments from sheet metal & HVAC contractors, the following *Essential Eight* decision factors were determined to be highly important for success in all types of market entry.

Basic tools to assess each factor are provided on the following pages. Use the checklist below to ensure you have fully considered each of the *Essential Eight* decision factors.

Essential Eight decision factors:

- 6.1 Strategic/cultural fit, (p.9)
- 6.2 Experience and abilities of the champion, (p.9)
- 6.3 Market need, (p.10)
- 6.4 Competition in the market, (p.11)
- 6.5 Competitive advantage, (p.12)
- 6.6 Start-up costs, (p.14)
- 6.7 Profit projections, (p.15)
- 6.8 Investment capital, (p.16)

Eight additional factors received high rankings of importance in certain situations. Take a look at the list below and consider whether these factors will be important for your market entry decision.

Other factors to consider:

- Bonding company acceptance
- Contract requirements
- Customer acceptance
- Market knowledge
- Labor commitment
- Staff availability
- Standards and regulations
- Support from organization

What is a Vision Statement? According to Jim Collins and Jerry Porras, authors of *Good to Great* and *Built to Last*, a vision statement should “grab people by the gut and motivate them to work toward a common end.”

Review Vision Statement: If your company currently has a vision statement, take some time to read the statement carefully, then consider the following explanation.

Explanation: For decades, company leaders have been attributing strategic successes to a strong corporate vision. But what makes a strong vision? Although the content in vision statements varies, most highly successful vision statements share seven attributes:

- Conciseness – a vision statement that is limited to 10-25 words is easy to communicate and remember;
- Clarity – a vision should be fully explainable in less than 5 minutes;
- Abstractness – the vision should remain open enough to guide a wide range of business activities over a long period of time; it should garner support from a broad audience and allow for staff creativity;
- Challenge – the vision should motivate staff to try their best to achieve the desired outcomes;
- Future orientation – a vision does not have the power to inspire or attract commitment unless it offers a view of a clearly better future;
- Stability – the vision should not shift in response to short-term trends, technology or market changes;
- Desirability or ability to inspire – most importantly, the vision should inspire and motivate staff to carry out the noble work of the organization.

Below are some examples of effective vision statements. You will notice that good vision statements do not have to be especially profound or poetic; as long as they are meaningful and inspiring to those within the organization.

Examples:

“A world where everyone has a decent place to live” –Habitat for Humanity

“To make people happy” –Disney

“Crush Adidas” –Nike, circa 1960’s

“Create a better every day life for the many people” –IKEA

Now it’s your turn! Write down your company’s vision. Revise as needed!

Add a Trade (electrical, piping, etc.)

