STRATEGY CONSULTING FRAMEWORKS

Layer 1: SITUATION & CONTEXT

StrategyConsulting.XYZ

Governing Question: *"Where do we stand?"*

Sub-questions:

- What does the competitive landscape look like and who has structural power?
- What macro forces are reshaping the playing field faster than we're adapting?
- Who are our customers really, what do they actually need, and how big is the prize?
- Where is value concentrating and migrating across the ecosystem?
- What technology shifts will rewrite the rules within our planning horizon?

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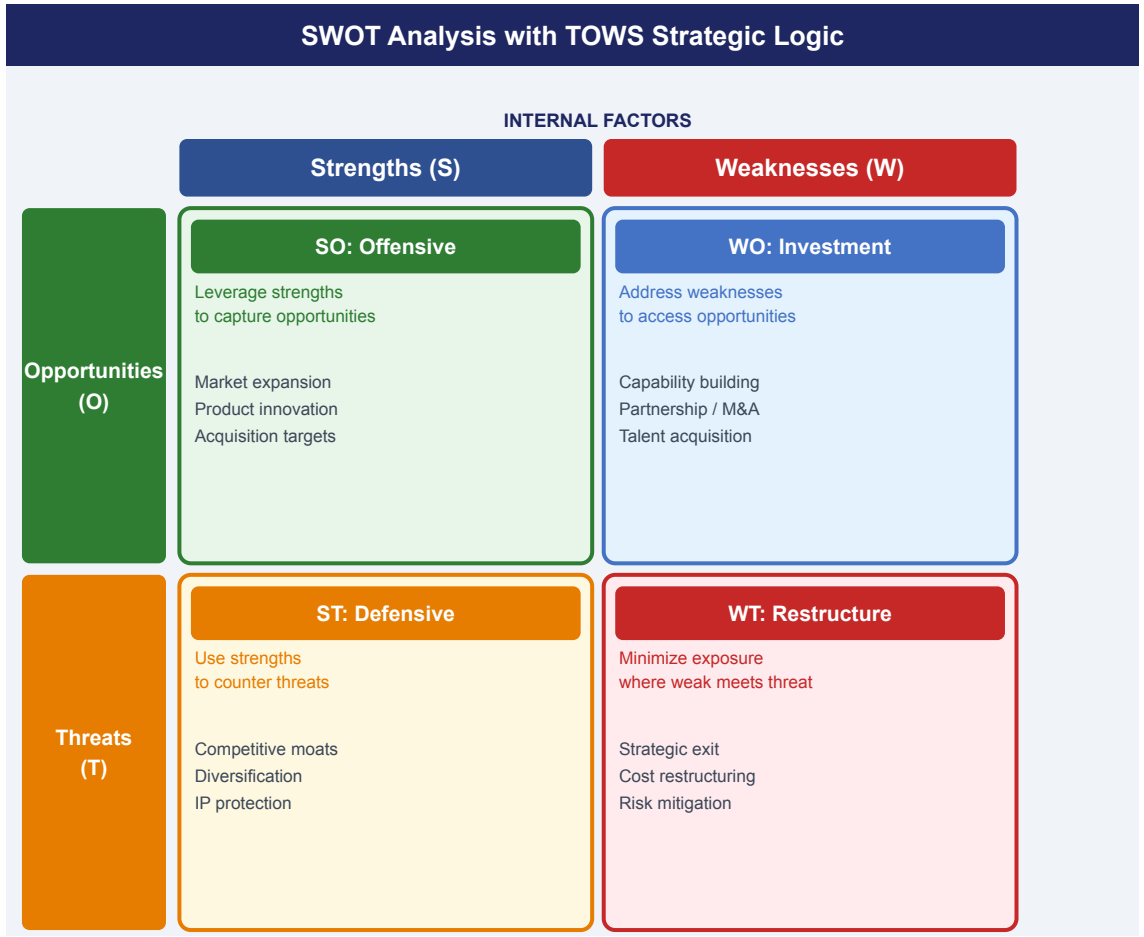


Assess internal strengths and weaknesses against external opportunities and threats to determine where the organization has the right to win.

Source: Albert Humphrey (attributed)

Framework Purpose

- SWOT analysis is the foundational strategic assessment framework that maps an organization's internal capabilities (Strengths and Weaknesses) against external environmental conditions (Opportunities and Threats) to generate actionable strategic options. Despite its apparent simplicity, a rigorous SWOT executed with analytical discipline produces the strategic clarity that more complex frameworks often obscure — it forces the uncomfortable truth about where the organization actually stands versus where it needs to be, and what the environment will reward versus punish.
- The framework's power lies in the intersection logic: strategy emerges not from any single quadrant but from the combinations. A strength that exploits an opportunity becomes an offensive initiative. A weakness that collides with a threat becomes an existential vulnerability requiring immediate mitigation. The most dangerous strategic failures occur when organizations catalog SWOT factors independently without building the cross-quadrant strategic logic that transforms analysis into action — turning a powerful framework into a decorative list.
- Modern SWOT application demands quantification and competitive contextualization. 'Strong brand' is not a strength — 'Brand awareness 2.3x nearest competitor with 67 NPS versus industry average of 42' is a strength. Every SWOT factor must be benchmarked against relevant competitors and weighted by its actual impact on value creation. This rigor transforms SWOT from a brainstorming exercise into a strategic positioning tool that reveals the specific asymmetries an organization can exploit and the specific vulnerabilities it must address.

Framework Development Approach

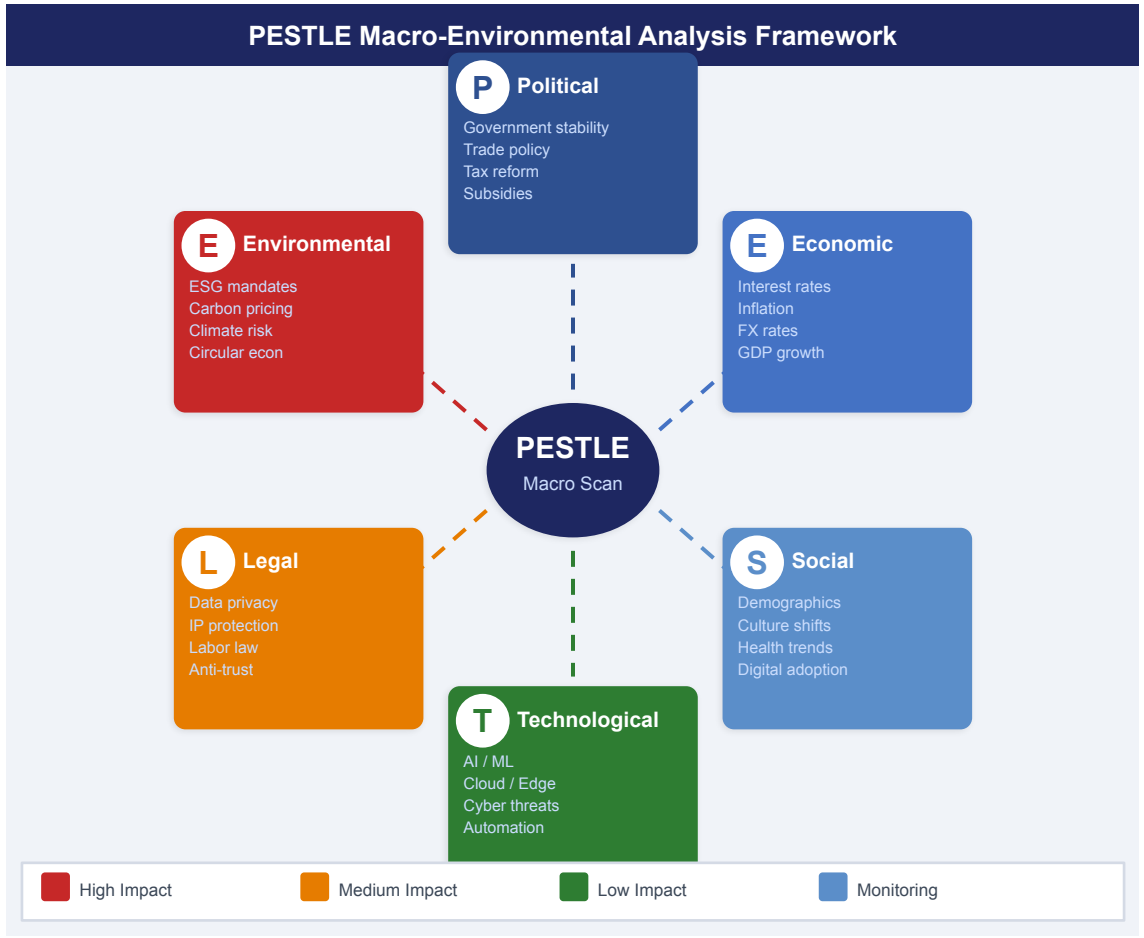
- Conduct internal capability assessment through structured self-analysis using the value chain as an organizing framework. For each primary and support activity, evaluate performance against three benchmarks: industry average, best-in-class competitor, and customer expectation threshold. Classify findings as strengths only when performance demonstrably exceeds competitive norms; weaknesses when performance falls below the threshold required for competitive viability. Avoid the common trap of listing aspirations as strengths or tolerable gaps as weaknesses.
- Scan the external environment systematically using PESTLE outputs, competitive intelligence, market research, and customer feedback to identify opportunities (favorable external conditions the firm could exploit) and threats (unfavorable conditions that could erode the firm's position). Each opportunity must be sized (total addressable value, time window, capture probability) and each threat must be assessed for severity (maximum downside exposure) and velocity (how quickly could it materialize). Opportunities and threats that lack quantification are hypotheses, not analysis.
- Build the TOWS matrix — the strategic logic engine that transforms SWOT factors into strategic options. SO strategies leverage strengths to capture opportunities (offensive moves). WO strategies address weaknesses to access opportunities (investment priorities). ST strategies use strengths to mitigate threats (defensive positioning). WT strategies acknowledge where weaknesses and threats intersect to define strategic exits or radical restructuring needs. Each cell should generate 2-3 specific strategic initiatives with clear ownership and timeline.
- Prioritize strategic options using a weighted scoring model that evaluates each initiative against strategic impact (revenue/margin contribution), feasibility (capability gap, investment required), time-to-impact (how quickly the initiative delivers results), and risk-adjusted return. The final output is not the SWOT matrix itself but a prioritized strategic action plan with funded initiatives, staged investment, and clear success metrics. Refresh the SWOT quarterly with a full rebuild annually.

SWOT Analysis

Framework Element	Definition	Analytic Approach
Strengths Assessment & Competitive Benchmarking	The rigorous identification and quantification of internal capabilities, resources, and competitive advantages where the organization demonstrably outperforms its competitive set or exceeds the performance threshold required for market success. Strengths are not self-assessed virtues — they are externally validated asymmetries that translate into measurable customer preference, cost advantage, or strategic optionality. Every claimed strength must survive the competitive benchmark test: is this capability demonstrably superior to what competitors offer?	• Audit internal capabilities across the value chain, benchmarking each against the top 3 competitors using quantifiable metrics: market share, customer satisfaction scores, cost position, talent retention rates, technology adoption metrics, and operational efficiency ratios. Apply the VRIO test to each identified strength: is it Valuable (customers pay for it), Rare (competitors lack it), Inimitable (hard to replicate), and Organized (the firm can exploit it)? Only capabilities passing all four VRIO criteria qualify as sustainable competitive advantages.
Weaknesses Identification & Gap Quantification	The honest assessment of internal deficiencies, capability gaps, resource constraints, and operational shortcomings that place the organization at a competitive disadvantage or prevent it from capitalizing on market opportunities. Weakness identification requires institutional honesty — the most dangerous weaknesses are the ones organizations refuse to acknowledge because they challenge leadership narratives or expose past investment failures. Weaknesses must be distinguished from challenges (temporary conditions) and constraints (permanent limitations).	• Conduct gap analysis for each critical capability area by measuring current state versus the competitive threshold required for market viability. Prioritize weaknesses by strategic impact: which gaps directly prevent revenue growth, margin improvement, or market expansion? Classify each weakness as addressable (can be fixed with investment), manageable (can be mitigated through partnerships or process changes), or structural (inherent to the business model and requiring strategic workaround). Quantify the cost of each weakness in terms of lost revenue, excess cost, or missed opportunity.
Opportunities Mapping & Sizing	The systematic identification and evaluation of favorable external conditions — market gaps, regulatory changes, technology shifts, competitive vulnerabilities, and demand evolution — that the organization could potentially exploit for growth, margin improvement, or strategic positioning advantage. Opportunities must be sized (total addressable value), timed (window of opportunity), and probability-assessed to enable meaningful prioritization. An opportunity without a capture plan and resource commitment is a wish, not a strategic option.	• Scan external environment using PESTLE outputs, competitive intelligence, and customer demand signals to identify emerging opportunities. Size each opportunity using TAM/SAM/SOM methodology specific to the opportunity. Assess capture probability based on: capability match (do we have the strengths to exploit this?), timing (is the window open and how long will it last?), competitive intensity (how many others see this opportunity?), and investment requirement (what resources must be deployed?). Rank opportunities by risk-adjusted NPV.
Threat Assessment & Scenario Planning	The identification and severity-ranking of adverse external forces — competitive moves, regulatory tightening, technology disruption, macroeconomic deterioration, and market structure shifts — that could erode the organization's competitive position, revenue base, or strategic viability. Threats differ from weaknesses in their externality: they exist independent of organizational action and cannot be resolved through internal improvement alone, only anticipated, mitigated, or strategically avoided.	• Build a threat registry cataloguing all identified risks across competitive, regulatory, technological, economic, and market dimensions. For each threat, assess probability of materialization (1-5 years), velocity (how quickly could impact be felt), severity (maximum downside in revenue/margin terms), and detectability (what early warning signals exist). Map threats against existing strengths to identify natural hedges and against existing weaknesses to identify critical vulnerabilities. Develop contingency playbooks for the top 5 threats with trigger conditions and pre-approved response protocols.
TOWS Strategic Option Generation & Prioritization	The cross-matrix synthesis that generates specific strategic initiatives by systematically combining internal factors (S/W) with external conditions (O/T) to produce four categories of strategic options: SO offensive strategies, WO investment strategies, ST defensive strategies, and WT restructuring strategies. TOWS transforms the descriptive SWOT inventory into a prescriptive action agenda — the crucial step that converts analysis into strategy. Without TOWS logic, SWOT produces interesting observations but no strategic direction.	• For each TOWS quadrant, generate 3-5 specific strategic initiatives by asking: 'How can this internal factor be combined with this external condition to create strategic advantage or mitigate strategic risk?' Score each initiative on strategic impact (1-10), feasibility (1-10), time-to-value (months), and investment required ($). Rank all initiatives across quadrants into a unified priority stack. Select the top 8-10 initiatives for the strategic plan, ensuring balance across offensive and defensive moves. Assign executive ownership, quarterly milestones, and success metrics to each funded initiative.

PESTLE Analysis

Framework Diagram



Scan the macro-environment across political, economic, social, technological, legal, and environmental dimensions to surface forces that will reshape the competitive landscape before they arrive.

Source: Unattributed — standard strategic planning tool

Framework Purpose

- PESTLE analysis provides a structured macro-environmental scanning framework that systematically evaluates Political, Economic, Social, Technological, Legal, and Environmental forces shaping the operating context for any business or strategic initiative. Unlike internal-facing frameworks, PESTLE forces the analyst outward — cataloguing the exogenous variables that create both the tailwinds that amplify strategy and the headwinds that undermine it, regardless of organizational competence or intent.
- The framework's enduring value lies in preventing strategic tunnel vision. Companies routinely overweight competitive dynamics (the industry they can see) while underweighting macro shifts (the environment they assume is stable). PESTLE corrects this bias by requiring explicit assessment of forces that operate on different timescales — political cycles (4-6 years), technology disruption waves (5-10 years), demographic shifts (20+ years) — ensuring strategy accounts for the full spectrum of change horizons that will shape competitive outcomes.

Framework Development Approach

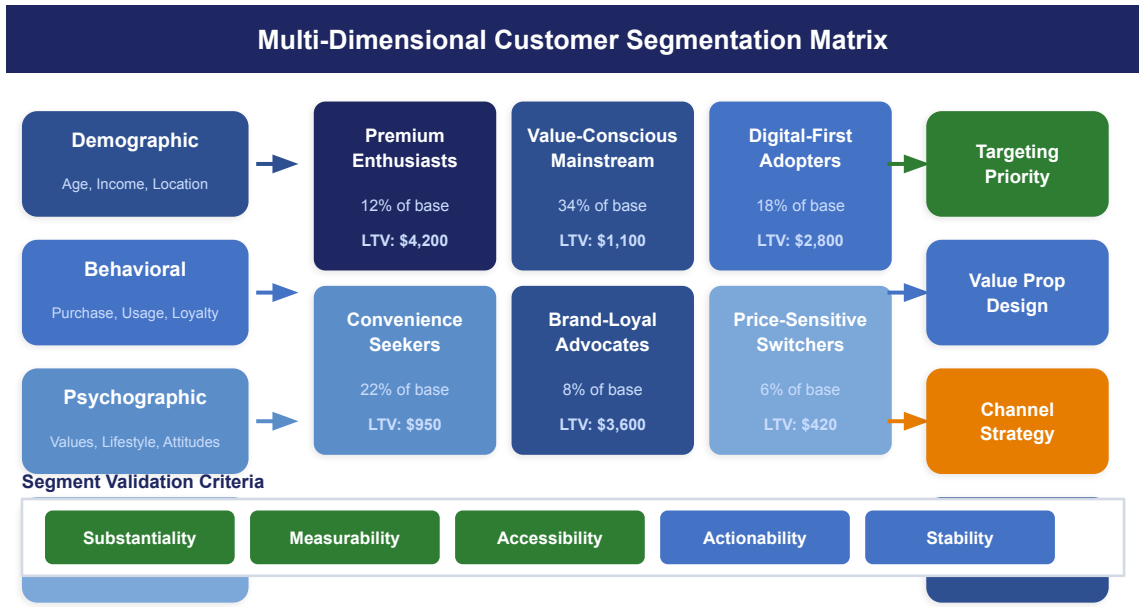
- Begin by establishing a clear scope: define the geographic boundaries, time horizon (typically 3-5 years), and strategic decision the analysis will inform. An unfocused PESTLE scan produces an unwieldy list of factors with no actionable prioritization. The scan should be decision-anchored — every factor identified must be evaluated against its potential to materially affect the specific strategic choice under consideration, not just its general importance to the industry.
- For each PESTLE dimension, conduct a structured environmental scan using primary sources (government publications, central bank reports, patent filings, regulatory dockets) supplemented by expert interviews and scenario planning workshops. Avoid the common trap of treating news headlines as analysis — distinguish between noise (short-term events) and signal (structural shifts) by testing whether each identified factor has a plausible causal mechanism that connects to your business economics within the planning horizon.
- Quantify impact where possible using sensitivity analysis: model how a 100bps interest rate change affects customer acquisition costs, how proposed regulation changes compliance burden, or how demographic shifts alter addressable market size. Qualitative factors should be rated on a standardized probability × impact matrix. The goal is not precise prediction but identification of the factors where uncertainty is high AND impact is material — these become the scenarios the strategy must be robust against.
- Synthesize findings into a macro-risk dashboard that classifies each factor by time horizon (immediate / medium-term / structural), controllability (can the firm influence this factor through lobbying, partnerships, or adaptation?), and strategic implication (does this factor favor offense, defense, or pivot?). Update the dashboard quarterly with a full refresh annually. The most dangerous PESTLE factors are the ones that cross dimensions — a technology shift that triggers regulatory response that reshapes competitive economics.

PESTLE Analysis

Framework Element	Definition	Analytic Approach
Political Environment Assessment	The systematic evaluation of government actions, political stability, regulatory intent, trade policy, and geopolitical dynamics that shape the operating environment for businesses. Political factors operate on election-cycle timescales but create structural path dependencies — a regulatory regime established in one administration often persists for decades. For cross-border businesses, political assessment must encompass bilateral relations, sanctions risk, data sovereignty requirements, and the political economy of market access.	• Map the regulatory and legislative pipeline for all operating jurisdictions using government databases, lobbying disclosure records, and regulatory agency publications. Classify pending actions by probability of enactment and business impact severity. Build a political risk scorecard for each market weighting: regime stability, rule of law, corruption index, regulatory predictability, and trade openness. Model scenario impacts for upcoming elections and policy shifts on your unit economics.
Economic Conditions & Sensitivity	The analysis of macroeconomic variables — interest rates, inflation, exchange rates, GDP growth, employment levels, consumer confidence, and capital market conditions — that directly influence demand patterns, cost structures, funding availability, and competitive intensity within the firm's operating markets. Economic factors are uniquely quantifiable among PESTLE dimensions, enabling precise sensitivity modeling of how macro shifts translate to business outcomes through identifiable transmission mechanisms.	• Build a macroeconomic sensitivity model linking key macro variables to your business KPIs through explicit transmission mechanisms. For each variable, quantify the elasticity: a 100bps rate increase affects customer acquisition cost by X%, reduces payment volume by Y%, and changes funding cost by Z%. Monitor leading indicators (yield curve, PMI, consumer confidence) that predict economic shifts 6-12 months ahead. Stress-test the business plan against recession, stagflation, and rapid-growth scenarios.
Social & Demographic Dynamics	The assessment of population composition changes, cultural value shifts, lifestyle evolution, educational attainment trends, health awareness patterns, and digital behavior adoption curves that reshape market demand, talent availability, and social license to operate over medium and long time horizons. Social factors are the slowest-moving PESTLE dimension but create the most durable strategic advantages when correctly identified — demographic trends are nearly impossible to reverse and create multi-decade demand curves.	• Analyze census data, demographic projections, consumer behavior surveys, and social media trend data to identify structural shifts in your customer base composition and preferences. Map generational cohort differences in technology adoption, financial behavior, brand relationship, and purchasing patterns. Quantify the revenue impact of identified social trends: urbanization rate × urban spend premium, aging population × healthcare wallet share shift, digital native population growth × channel migration velocity.
Technology Disruption & Opportunity	The evaluation of emerging technologies, infrastructure evolution, cybersecurity landscapes, automation capabilities, and innovation diffusion patterns that create both existential threats to incumbent business models and greenfield opportunities for technology-enabled entrants. Technology assessment must distinguish between incremental improvements (faster processors, better UX) and paradigm shifts (AI/ML, blockchain, quantum computing) that fundamentally alter the economics of value creation and delivery in the industry.	• Maintain a technology radar tracking emerging capabilities across four rings: Adopt (deploy now), Trial (pilot actively), Assess (evaluate potential), and Hold (watch but don't invest). For each identified technology, model the disruption potential using S-curve analysis: where is the technology on its adoption curve, what is the performance improvement trajectory, and when does it cross the threshold of economic viability for your use cases? Map technology dependencies — which breakthroughs enable other breakthroughs.
Legal & Regulatory Compliance Landscape	The comprehensive assessment of current legal obligations, pending regulatory changes, enforcement trends, litigation risk, and compliance cost trajectories across all jurisdictions where the firm operates or plans to expand. Legal factors differ from political factors in their specificity and enforceability — while political shifts create directional pressure, legal requirements create binary compliance obligations with concrete penalties for violation. For financial services and data-intensive businesses, legal factors often define the boundaries of what is possible.	• Build a regulatory compliance matrix mapping every applicable regulation to specific business processes, data flows, and customer interactions. Track regulatory pipelines in all relevant jurisdictions using official government gazettes and regulatory agency dockets. Model compliance cost as a function of regulatory stringency — for each pending regulation, estimate implementation cost, ongoing compliance burden, and competitive impact (does this regulation favor incumbents or challengers?). Maintain legal risk register with quarterly review.

Customer Segmentation

Framework Diagram



Refresh: Quarterly behavioral update · Annual primary research validation · Continuous transactional monitoring

Source: Marketing discipline

Framework Purpose

- Customer segmentation divides a heterogeneous market into discrete groups of buyers who share common needs, behaviors, or characteristics that influence how they evaluate, purchase, and consume products or services. Effective segmentation transforms an undifferentiated mass market into actionable clusters where marketing investment, product design, and pricing can be precisely calibrated to maximize both customer value delivery and firm profitability across each identified group.
- The framework establishes the analytical foundation for all downstream strategic decisions by revealing which customer populations represent the highest lifetime value, lowest acquisition cost, and strongest strategic alignment. Without rigorous segmentation, firms default to averaged positioning that satisfies no one optimally — a structural disadvantage against competitors who have identified and committed to serving specific segments with tailored value propositions and operational configurations.
- Modern segmentation extends beyond traditional demographic cuts to incorporate behavioral data, psychographic profiling, needs-based clustering, and predictive analytics that reveal latent segments invisible to conventional analysis. The integration of transactional data, digital interaction patterns, and attitudinal research creates multi-dimensional segment profiles that capture both observable characteristics and underlying motivations driving purchase decisions

Framework Development Approach

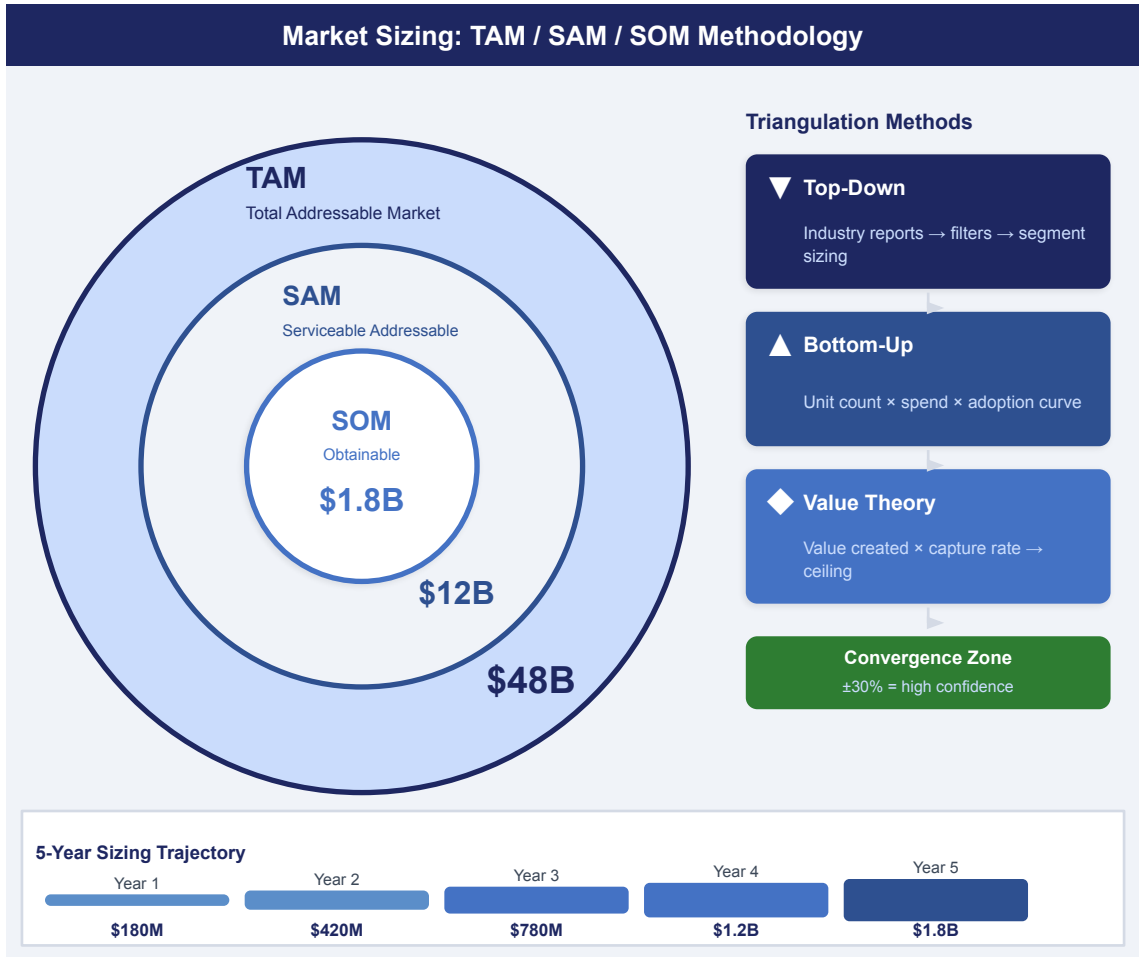
- Begin with a comprehensive data audit across all customer touchpoints — transaction records, CRM interactions, digital behavior logs, survey responses, and support tickets — to establish the analytical foundation. Clean and normalize datasets, resolve identity across channels, and construct a unified customer view that supports multi-variable clustering. Statistical techniques including k-means clustering, latent class analysis, and hierarchical clustering should be applied iteratively to test segment stability and interpretability across different variable combinations.
- Validate emerging segments against three critical criteria: substantiality (each segment must be large enough to justify dedicated investment), accessibility (the firm must be able to reach segment members through identifiable channels), and actionability (the firm's operating model must be capable of delivering differentiated value to each segment). Segments that fail any criterion require reconfiguration regardless of their statistical elegance.
- Develop rich segment profiles that go beyond demographics to capture decision-making processes, information sources, switching triggers, price sensitivity curves, and lifetime value trajectories. Each profile should enable a product manager, marketer, or sales representative to immediately understand how to engage a segment member. Quantify the revenue potential, margin structure, and growth trajectory for each segment to inform resource allocation priorities.
- Institutionalize segmentation through operational integration — embed segment identifiers in CRM systems, align sales territories to segment concentrations, configure marketing automation rules by segment, and establish segment-level P&L tracking. The segmentation model must be refreshed quarterly using updated behavioral data and validated annually through primary research to ensure segments remain stable and strategically relevant.

Customer Segmentation

Framework Element	Definition	Analytic Approach
Segmentation Variables & Data Architecture	The comprehensive set of customer attributes — demographic, firmographic, behavioral, psychographic, and needs-based — used as inputs to segmentation algorithms, combined with the data infrastructure required to capture, unify, and maintain these variables across all customer touchpoints. The variable selection determines segment granularity, predictive power, and operational applicability. First-party transactional data provides behavioral grounding while attitudinal data from surveys and qualitative research adds motivational depth that pure behavioral analysis cannot reveal.	• Audit all available data sources for completeness, recency, and reliability. Construct a unified customer data platform that resolves identity across channels. Test variable combinations using principal component analysis to identify which dimensions explain the most variance in customer value and behavior. Prioritize variables that are both predictive of value differences and observable in real-time to enable dynamic segment assignment.
Segment Identification & Clustering	The analytical process of discovering natural groupings within the customer population using statistical methods — k-means, hierarchical, DBSCAN, or latent class analysis — that partition customers into segments exhibiting high within-group similarity and high between-group distinctiveness. The clustering approach must balance statistical rigor with business interpretability: segments that are mathematically optimal but impossible for the organization to act on have zero strategic value. Iterative testing across multiple algorithms and cluster counts is essential.	• Run multiple clustering algorithms in parallel, testing cluster solutions from 3 to 8 segments. Evaluate each solution using silhouette scores, Calinski-Harabasz index, and business interpretability. Validate stability through bootstrap resampling — segments that dissolve with minor data perturbations are artifacts. Present candidate solutions to business stakeholders for face-validity assessment before selecting the final segmentation scheme.
Segment Profiling & Sizing	The development of rich, multi-dimensional portraits for each identified segment including demographic composition, behavioral patterns, psychographic attributes, purchase triggers, decision-making processes, preferred channels, price sensitivity, and projected lifetime value trajectories. Sizing quantifies each segment's total addressable revenue, current penetration, share of wallet captured, and growth potential. Profiles must be vivid enough that any employee can recognize a segment member and adjust their engagement approach accordingly.	• Combine quantitative profiling from transactional data with qualitative depth from customer interviews and ethnographic research. Build segment-level financial models projecting 5-year revenue, margin, and retention curves. Create persona narratives with specific behavioral scenarios. Calculate segment concentration risk — if >50% of profit comes from <15% of customers, develop explicit retention and diversification strategies.
Targeting Strategy & Prioritization	The strategic decision framework for selecting which identified segments the firm will actively pursue, which it will serve passively, and which it will deliberately de-emphasize — a resource allocation decision that determines where marketing spend, product development effort, and sales capacity will be concentrated. Targeting requires evaluating each segment against the firm's competitive advantages, operational capabilities, and strategic objectives. The discipline of choosing where NOT to compete is often more important than choosing where to compete.	• Score each segment on a weighted matrix of attractiveness (size, growth, margin potential, strategic fit) and competitive position (relative advantage, capability gap, switching barriers). Map segments on a prioritization matrix to visualize portfolio balance. Develop differentiated investment theses for Tier 1 (full commitment), Tier 2 (selective investment), and Tier 3 (harvest/maintain) segments. Establish kill criteria that trigger segment exit.
Operational Integration & Governance	The organizational infrastructure required to embed segmentation into daily operations — CRM configuration, marketing automation rules, sales playbook alignment, product roadmap prioritization, and financial reporting structures that all reference and reinforce segment-level decision-making. Without operational integration, segmentation remains an intellectual exercise that degrades within months. Governance includes the processes for monitoring segment health, triggering segment refresh, and resolving conflicts when segment-level strategies create organizational tension.	• Map each operational system that must be segment-aware and define integration requirements. Configure CRM segment fields with automated assignment logic. Build segment-level dashboards tracking penetration, acquisition cost, retention rate, and LTV trend. Establish quarterly segment review cadence with cross-functional stakeholders. Define triggers for emergency segment refresh — market disruption, competitive entry, or >15% segment migration between periods.

Market Sizing (TAM / SAM / SOM)

Framework Diagram



Quantify the total addressable market, the serviceable segment, and the obtainable share to ground strategy in the actual revenue opportunity rather than aspiration.

Source: Consulting standard

Framework Purpose

- Market sizing through the TAM/SAM/SOM framework quantifies the total economic opportunity available to a business at three levels of strategic realism — from the theoretical maximum (Total Addressable Market) through the serviceable subset (Serviceable Addressable Market) to the realistically capturable share (Serviceable Obtainable Market). This three-tiered approach prevents both the delusional optimism of citing total market figures and the excessive conservatism of focusing only on current revenue, providing investors and executives with properly calibrated expectations.
- The framework serves as the foundational sizing discipline for capital allocation, go-to-market planning, and investor communication. A company pursuing a $50B TAM with a credible path to 2% SOM tells a fundamentally different story than one targeting a $500M TAM at 40% share — even though both project $1B in revenue. The sizing methodology reveals whether growth will come from market expansion, share capture, or adjacent market entry, each requiring radically different strategic capabilities and investment profiles.
- Rigorous market sizing demands triangulation between top-down industry analysis, bottom-up unit economics modeling, and value-theory approaches that estimate willingness-to-pay for the specific value proposition being offered. Single-method sizing is inherently fragile; the convergence (or divergence) between independent estimation approaches provides the most reliable confidence interval around true market potential and exposes assumption sensitivity that single-point estimates obscure.

Framework Development Approach

- Construct a top-down estimate by identifying the broadest relevant industry revenue pool from analyst reports (Gartner, IDC, Forrester, CB Insights), government data (Census Bureau, BLS), and trade associations. Decompose the total industry figure into segments relevant to your specific offering by applying successive filters: geography, customer type, product category, price tier, and distribution channel. Document every filter assumption explicitly — these become the key sensitivities in your sizing model and the most common points of challenge from sophisticated investors.
- Build a bottom-up estimate independently by starting from unit economics: count the number of potential customers, multiply by expected spend per customer per year, and adjust for adoption timing curves. For B2B markets, use firmographic databases (D&B, ZoomInfo) to enumerate target accounts by size and segment. For consumer markets, use demographic data and purchase frequency assumptions. The bottom-up approach should produce a figure within 30% of the top-down estimate; larger discrepancies signal fundamental assumption errors that must be resolved before proceeding.
- Apply a value-theory lens by estimating the economic value your solution creates for customers and calculating what percentage you can capture as revenue. If your product saves customers $100M annually in aggregate, the maximum market size is bounded by that value creation — typically at 10-30% value capture. This approach is especially critical for new-category products where historical market data doesn't exist and analogies to existing markets may be misleading.

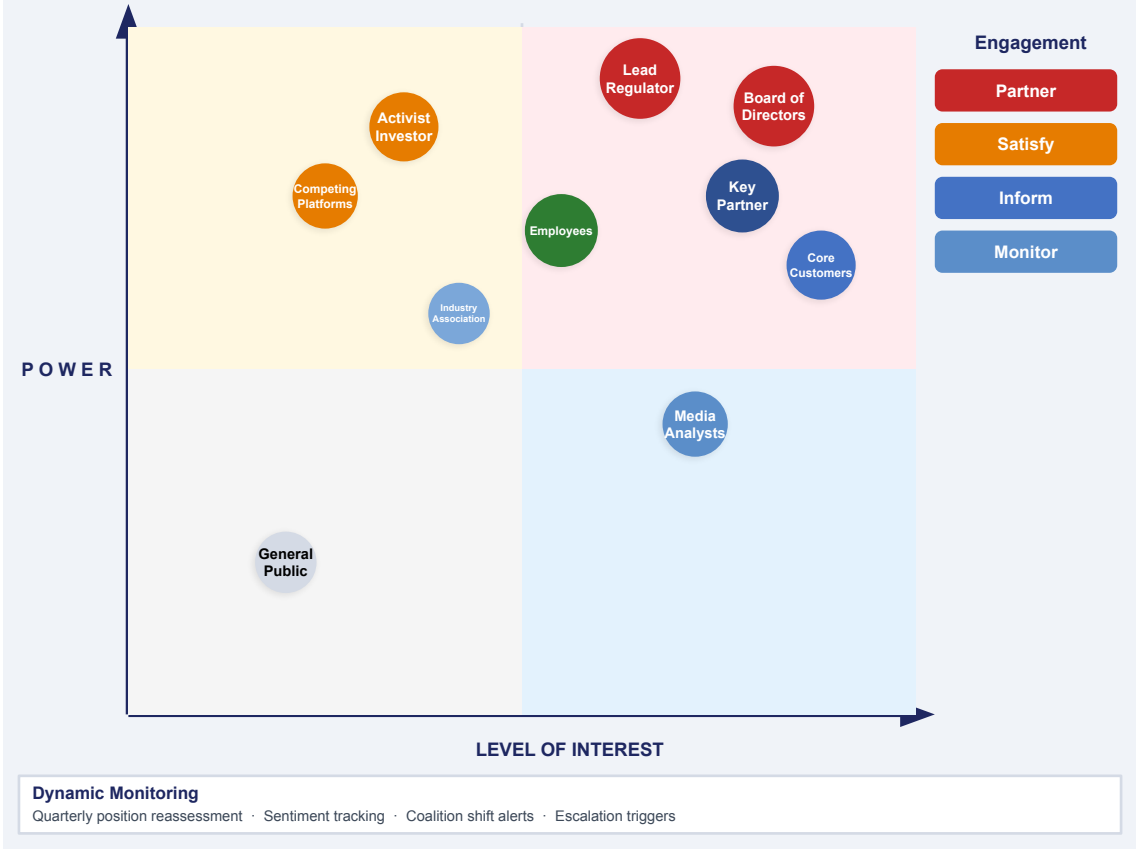
Market Sizing (TAM / SAM / SOM)

Framework Element	Definition	Analytic Approach
Total Addressable Market (TAM)	The total revenue opportunity available if a product achieved 100% market share across all geographies and customer segments where the offering could theoretically deliver value — the absolute ceiling of commercial potential before any strategic or operational constraints are applied. TAM represents the broadest possible definition of the opportunity and serves primarily as a scaling reference point. For venture-backed companies, TAM communicates ambition and long-term potential; for established firms, TAM reveals the maximum headroom for growth within the current business definition.	• Calculate TAM using at least two independent methods: (1) top-down from industry analyst reports decomposed by relevant segments, and (2) bottom-up from total potential customer count × average annual spend. For emerging categories, use value-theory approach: total economic value created by the solution × reasonable capture rate. Reconcile methods — divergence >50% indicates fundamental assumption errors. Present as 5-year forward projection with CAGR to capture market growth dynamics.
Serviceable Addressable Market (SAM)	The portion of TAM that falls within the firm's current and near-term go-to-market reach — filtered by geographic presence, product capability, regulatory authorization, channel access, and customer segment alignment. SAM represents what the company could theoretically sell to if it had unlimited sales and marketing capacity within its current strategic scope. The gap between TAM and SAM reveals the firm's self-imposed strategic boundaries and highlights adjacent opportunities that could expand SAM through capability investment.	• Apply successive filters to TAM: geographic coverage (which markets are you in?), product fit (which customer needs can you actually serve today?), regulatory access (where are you licensed/approved?), and channel reach (which customers can your distribution model reach?). Each filter should reduce TAM by a quantified percentage with explicit assumptions. SAM should be testable — if you deployed maximum sales capacity in covered markets, SAM is the ceiling you'd approach.
Serviceable Obtainable Market (SOM)	The realistic revenue the firm expects to capture within a defined planning horizon — typically 3-5 years — given actual competitive dynamics, sales capacity constraints, brand awareness limitations, and customer switching costs. SOM is the only tier with direct operational accountability: it connects to revenue forecasts, sales quotas, and marketing budgets. SOM calculation demands intellectual honesty about win rates, sales cycle lengths, competitive displacement difficulty, and the pace at which the organization can actually scale execution capacity.	• Build SOM from bottoms-up sales mechanics: number of sales reps × quota capacity × average deal size × win rate × sales cycle assumption. Cross-validate against market share benchmarks — claiming >15% SOM in a fragmented market or >5% in a year-one entry requires extraordinary justification. Model SOM as a time-series trajectory with acceleration curves reflecting planned hiring, channel expansion, and product launches. Sensitivity-test key assumptions (win rate ±5%, deal size ±20%) to establish a confidence range.
Market Growth & Dynamics Modeling	The analytical framework for projecting how the total market evolves over the planning horizon — incorporating organic growth drivers (GDP correlation, secular trends, regulatory catalysts), disruptive forces (technology substitution, business model innovation, market creation), and cyclical patterns that expand or compress market size independent of any single firm's actions. Static market sizing produces misleading conclusions; a $10B market growing at 25% CAGR presents fundamentally different strategic calculus than a $10B market declining at 5%, even though the snapshot is identical.	• Decompose market growth into structural drivers (long-term secular trends), cyclical components (economic sensitivity, regulatory cycles), and disruption scenarios (technology substitution curves, new entrant impact). Build a baseline growth model using regression against historical drivers, then overlay scenario adjustments for identifiable inflection points. Model market share dynamics explicitly — in growing markets, share can decline while revenue grows; in contracting markets, the inverse creates a dangerous illusion.
Sizing Validation & Confidence Assessment	The systematic process of stress-testing market size estimates through triangulation, external validation, and sensitivity analysis to establish a confidence interval around the central estimate rather than presenting false-precision point figures. Sizing validation distinguishes between assumptions that materially affect strategic conclusions and those that don't — focusing analytical energy where uncertainty matters most. The output is not a single number but a probability-weighted range that enables risk-adjusted decision-making.	• Triangulate all three sizing methods (top-down, bottom-up, value-theory) and calculate convergence. Flag assumptions where ±20% variation changes the strategic conclusion — these are critical sensitivities requiring primary research validation. Benchmark against comparable companies' revenue at similar stages to reality-check SOM trajectory. Present final sizing with explicit confidence bands: base case (60% probability), upside (20%), and downside (20%). Document all assumptions in a living model that updates as new data emerges.

Stakeholder Mapping / Power-Interest Grid

Framework Diagram

Power-Interest Grid with Engagement Strategy



Identify every actor with influence over or interest in a strategic initiative and map their power, alignment, and urgency to sequence engagement.

Source: R. Edward Freeman

Framework Purpose

- Stakeholder mapping through the Power-Interest Grid provides a structured methodology for identifying, classifying, and prioritizing the individuals, groups, and institutions whose support, resistance, or indifference can materially affect the success of a strategic initiative, organizational transformation, or market entry. The framework converts the amorphous concept of 'stakeholder management' into a precise analytical exercise that reveals exactly who matters, how much influence they wield, and what engagement strategy each stakeholder requires.
- The framework's strategic value extends beyond mere relationship management. By mapping the constellation of stakeholders across power and interest dimensions, leaders can identify coalition-building opportunities (aligning high-power supporters), neutralization requirements (managing high-power opponents), and resource allocation efficiencies (avoiding over-investment in low-power, low-interest groups). In complex multi-stakeholder environments like financial services regulation, platform ecosystem management, or cross-border expansion, stakeholder mapping is not optional — it's a survival skill.
- Modern stakeholder mapping integrates dynamic assessment capabilities that track how stakeholder positions shift in response to strategic moves, competitive actions, and environmental changes. A regulator who was passive can become actively hostile after a compliance incident. A partner who was supportive can become a competitor after a market shift. The mapping must be treated as a living strategic intelligence system, not a one-time exercise, with triggers that automatically flag when stakeholder positions materially change.

Framework Development Approach

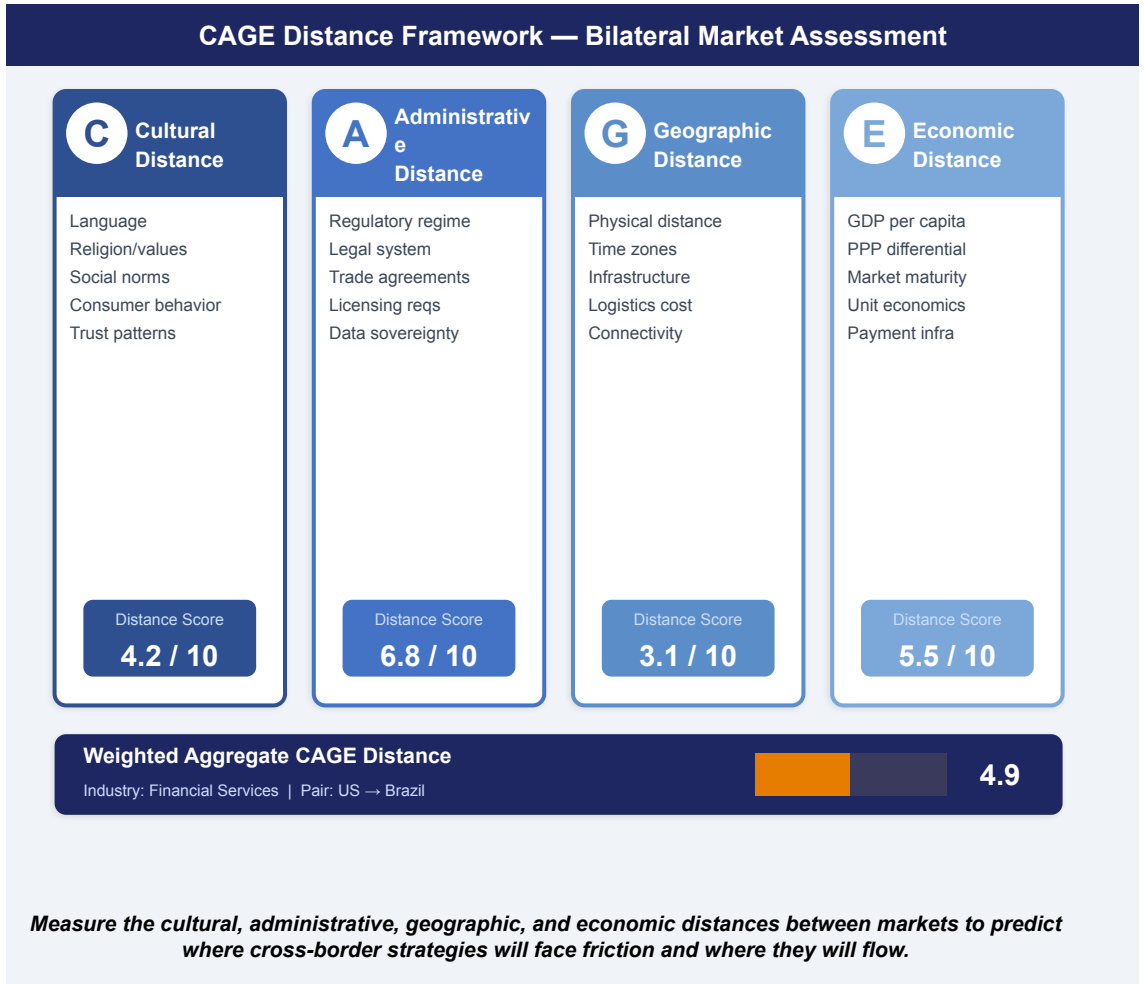
- Begin with comprehensive stakeholder identification using a structured scan across eight categories: customers (current, prospective, churned), suppliers and partners, regulators and government bodies, investors and board members, employees and unions, media and analysts, community and advocacy groups, and competitors. For each identified stakeholder, document their stated interests, hidden agendas (if detectable), historical behavior in similar situations, and the specific mechanisms through which they can affect your strategic outcomes.
- Plot each stakeholder on the Power-Interest Grid by independently assessing two dimensions: power (the ability to influence outcomes through resource control, decision authority, information asymmetry, or coalition leverage) and interest (the degree to which the stakeholder is motivated to actively engage with your strategic initiative). Use a 1-10 scoring system with explicit rubrics for each dimension to ensure consistency and enable meaningful comparisons across stakeholders.
- Derive engagement strategies from grid position: High Power / High Interest stakeholders require deep partnership, co-creation, and regular bilateral dialogue. High Power / Low Interest stakeholders need careful management to prevent activation against your interests. Low Power / High Interest stakeholders should be kept informed and potentially cultivated as advocates. Low Power / Low Interest stakeholders require minimal monitoring. The engagement strategy must also account for stakeholder network effects — some low-power stakeholders become high-power through coalition formation.
- Operationalize the mapping through a stakeholder engagement plan that assigns relationship owners, defines engagement cadence, establishes escalation protocols, and sets measurement criteria for relationship health. Track stakeholder sentiment through regular touchpoints, media monitoring, and behavioral signals. Conduct scenario planning exercises that stress-test the stakeholder map against potential disruptions: what happens to your coalition if a key supporter exits? How does a regulatory change reshape the power distribution?

Stakeholder Mapping / Power-Interest Grid

Framework Element	Definition	Analytic Approach
Stakeholder Identification & Classification	The systematic process of enumerating all individuals, groups, and institutions that have a stake in, influence over, or are affected by a strategic initiative — spanning eight primary categories: customers, suppliers/partners, regulators, investors, employees, media/analysts, community groups, and competitors. Comprehensive identification prevents the strategic blind spots that occur when critical stakeholders are discovered mid-execution rather than incorporated into planning. Each stakeholder must be classified by their relationship type, influence mechanism, and historical engagement pattern.	• Conduct a structured stakeholder scan using the eight-category framework, supplemented by network analysis that reveals indirect stakeholders connected through supply chains, regulatory relationships, or information flows. For each identified stakeholder, document: their primary interest in your initiative, the specific mechanisms through which they can help or hinder, their track record in similar situations, and their current sentiment. Create a master stakeholder registry with unique identifiers and assigned relationship owners.
Power Assessment & Influence Mapping	The evaluation of each stakeholder's capacity to affect strategic outcomes through five distinct power sources: resource control (budget authority, supply leverage), decision authority (regulatory approval, procurement sign-off), information asymmetry (expertise, market intelligence), coalition influence (ability to mobilize other stakeholders), and narrative control (media access, public opinion shaping). Power is not monolithic — a regulator has formal authority but may lack market intelligence, while a key customer has purchase power but may lack coalition influence.	• Score each stakeholder on a 1-10 power scale using a structured rubric that weights the five power sources by their relevance to your specific strategic context. Map power networks to identify stakeholders whose individual power scores understate their actual influence through coalition effects. Identify power dependencies — stakeholders whose power derives from a specific condition that could change. Flag emerging power shifts: new regulations that increase bureaucratic authority, market concentration that amplifies customer power, or technology changes that redistribute information asymmetry.
Interest Assessment & Motivation Analysis	The evaluation of each stakeholder's degree of motivation to actively engage with or oppose your strategic initiative — measuring both the intensity of their concern and the likelihood they will invest time, resources, and political capital to influence outcomes. Interest assessment must distinguish between stated interest (what stakeholders say they care about) and revealed interest (what they actually invest resources in), and between current interest levels and trigger conditions that could rapidly escalate dormant stakeholders to active engagement.	• Assess interest levels through behavioral evidence rather than stated positions: meeting attendance, resource commitment, public statements, lobbying activity, and coalition participation. Map each stakeholder's interest drivers to understand what specifically motivates their engagement — financial impact, reputational risk, competitive positioning, or value alignment. Identify trigger events that would escalate low-interest stakeholders to high-interest: regulatory changes, competitive moves, media attention, or performance failures that activate previously dormant concerns.
Engagement Strategy Design	The development of tailored interaction approaches for each stakeholder based on their Power-Interest Grid position — ranging from deep partnership and co-creation (high power, high interest) through careful expectation management (high power, low interest) to information provision (low power, high interest) and basic monitoring (low power, low interest). The engagement strategy must account for stakeholder interdependencies, recognizing that engaging one stakeholder often affects the positions and behaviors of connected stakeholders.	• Design engagement protocols for each grid quadrant with specific tactics: Manage Closely — bilateral meetings, joint working groups, early consultation on decisions; Keep Satisfied — periodic briefings, rapid response to concerns, proactive risk mitigation; Keep Informed — regular newsletters, open forums, feedback channels; Monitor — media scanning, periodic check-ins, dormant relationship maintenance. Allocate engagement resources proportionally to strategic importance, with >60% of stakeholder management capacity dedicated to the Manage Closely quadrant.
Coalition Building & Dynamic Management	The strategic orchestration of stakeholder alliances that amplify organizational influence beyond what any individual relationship can achieve — identifying shared interests across stakeholders, facilitating coalition formation around common objectives, and managing the dynamic evolution of stakeholder positions as the strategic context changes. Coalition management is the highest-leverage stakeholder activity because it creates network effects: a coalition of aligned stakeholders generates momentum that can overcome individual opposition and accelerate strategic execution.	• Map stakeholder interest overlaps to identify natural coalition partners — stakeholders whose interests align on your strategic priorities even if they disagree on other dimensions. Design coalition architectures that create mutual commitment: shared governance structures, joint communication platforms, and reciprocal benefit mechanisms. Monitor coalition stability through regular health checks that detect alignment drift, free-rider behavior, or emerging defections. Maintain contingency coalitions — pre-identified alternative alliances that can be activated if primary coalitions fracture.

CAGE Distance Framework

Framework Diagram



Measure the cultural, administrative, geographic, and economic distances between markets to predict where cross-border strategies will face friction and where they will flow.

Source: Pankaj Ghemawat

Framework Purpose

- The CAGE Distance Framework, developed by Pankaj Ghemawat, provides a rigorous analytical structure for evaluating the true difficulty of operating across borders by measuring four dimensions of distance between countries: Cultural, Administrative, Geographic, and Economic. Unlike simplistic market attractiveness rankings, CAGE reveals the hidden friction costs that cause international expansion failures — the distances that make a theoretically attractive market practically unreachable for a specific firm with specific capabilities.
- The framework challenges the globalization myth that technology and trade liberalization have made borders irrelevant. Empirical evidence consistently shows that bilateral trade, investment, and information flows are dramatically influenced by CAGE distances even in the digital economy. Two countries that share a language trade 42% more; sharing a currency increases trade by 340%. CAGE quantifies these effects, enabling strategists to predict where their specific value proposition will transfer cleanly versus where it will require fundamental adaptation — a distinction that determines whether international expansion creates or destroys value.

Framework Development Approach

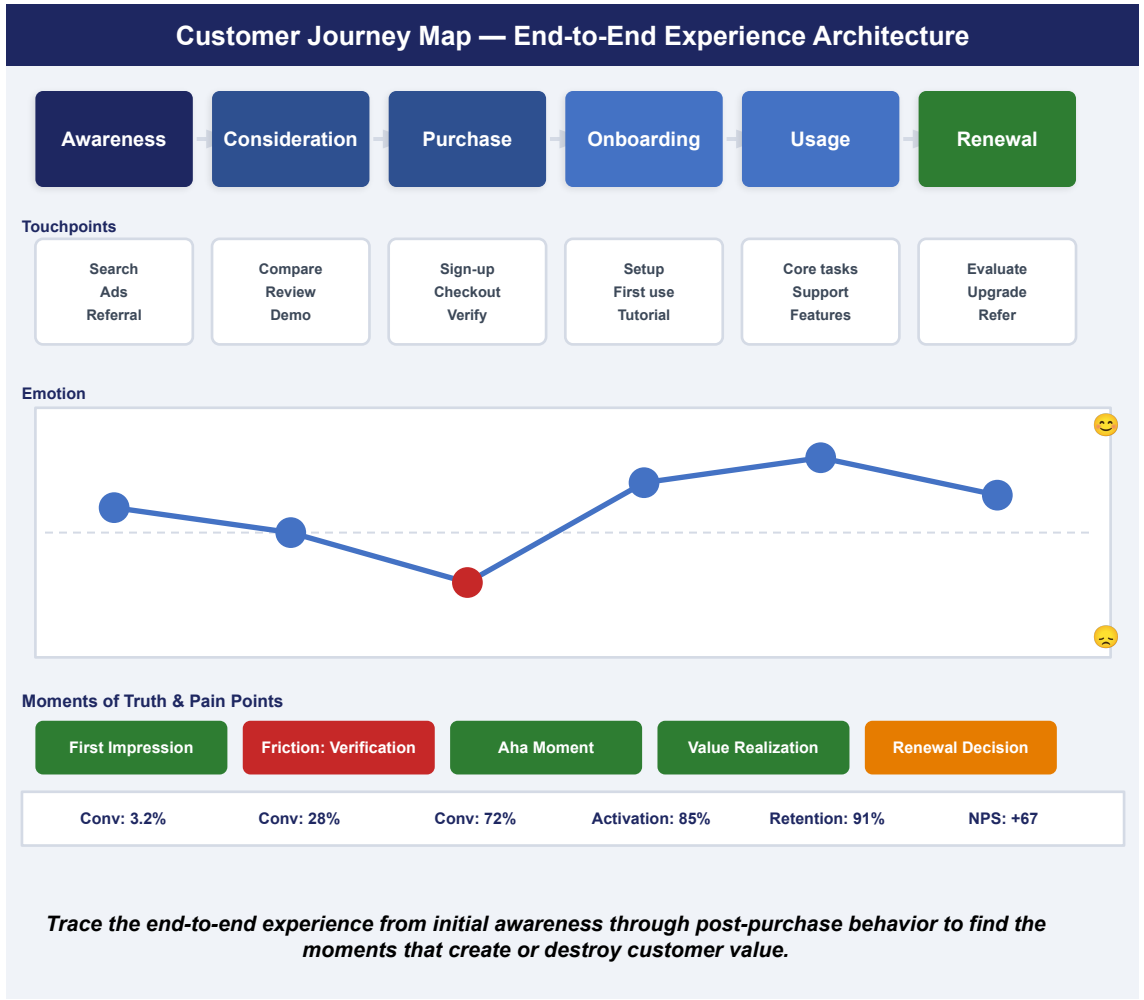
- Begin by selecting the specific bilateral market pair to analyze — CAGE is inherently comparative, measuring the distance between two specific points rather than rating markets in isolation. For each of the four CAGE dimensions, identify the specific distance factors most relevant to your industry and business model. Generic CAGE assessments miss industry-specific factors: cultural distance for financial services is dominated by attitudes toward debt and institutional trust, while geographic distance for digital businesses matters primarily through infrastructure quality and time zone overlap.
- Quantify each CAGE dimension using industry-specific metrics rather than general-purpose indices. Cultural distance: measure behavioral differences (savings rates, digital adoption, payment preferences) rather than relying solely on Hofstede dimensions. Administrative distance: map regulatory requirements, licensing timelines, data localization mandates, and compliance costs specific to your operating model. Geographic distance: assess infrastructure connectivity, logistics costs, and time zone overlap. Economic distance: model GDP per capita ratios, purchasing power parity, unit economics translation, and market maturity differentials.
- Calculate the aggregate CAGE friction cost for each target market by weighting dimensions according to your industry's sensitivity profile. Financial services are disproportionately sensitive to administrative distance. E-commerce is disproportionately affected by geographic and economic distance. Enterprise SaaS is most affected by cultural and economic distance. The weighting should be empirically calibrated using data from prior market entries (your own or comparable firms) rather than subjectively assigned.
- Convert CAGE analysis into a market entry prioritization matrix that ranks target markets by their friction-adjusted attractiveness: raw market potential (TAM) minus estimated CAGE adaptation cost equals net market opportunity. Markets with high raw attractiveness but extreme CAGE distance often destroy more value than markets with moderate attractiveness and low CAGE distance. Build entry sequencing logic that starts with culturally and administratively proximate markets to build international operating capabilities before tackling high-distance markets.

CAGE Distance Framework

Framework Element	Definition	Analytic Approach
Cultural Distance Assessment	The measurement of differences in values, beliefs, social norms, communication styles, consumer behaviors, and trust patterns between the home and target markets that affect how products are perceived, how business relationships are formed, and how organizations must adapt their value propositions to resonate locally. Cultural distance is the most subtle CAGE dimension — it creates friction through misunderstanding, misalignment, and misjudgment rather than through visible barriers. For financial services, cultural attitudes toward debt, savings, institutional trust, and risk tolerance are primary cultural distance factors.	• Go beyond Hofstede's cultural dimensions to measure behaviorally relevant cultural differences: digital payment adoption rates, cash preference intensity, financial literacy levels, attitudes toward institutional versus peer trust, and communication directness norms. Conduct in-market qualitative research with 30+ potential customers to identify cultural assumptions embedded in your product design. Map language barriers including not just primary language but financial terminology, UI/UX conventions, and customer support expectations. Calculate cultural adaptation cost for product, marketing, and operations.
Administrative & Regulatory Distance	The evaluation of differences in regulatory frameworks, legal systems, trade agreements, government structures, licensing requirements, data protection regimes, and institutional quality between markets. Administrative distance is typically the highest-impact CAGE dimension for financial services and data-intensive businesses because it creates hard constraints — not just friction costs but binary go/no-go barriers. A fintech licensed in the UK cannot operate in Brazil without separate authorization, regardless of product quality or market demand.	• Build a regulatory mapping matrix comparing licensing requirements, capital adequacy rules, consumer protection obligations, data localization mandates, and reporting requirements between home and target markets. Quantify compliance timeline (months from application to authorization), compliance cost (initial setup and ongoing), and operational constraints (technology stack requirements, local presence mandates, executive residency rules). Assess political risk through regime stability analysis, regulatory enforcement patterns, and corruption perception indices. Identify trade agreements and bilateral treaties that reduce administrative distance.
Geographic Distance & Infrastructure	The assessment of physical separation, time zone differences, transportation infrastructure quality, digital connectivity, and logistics costs between markets. While geographic distance is often dismissed as irrelevant for digital businesses, it materially affects customer support operations (time zone coverage), talent management (remote collaboration friction), regulatory compliance (in-person meeting requirements), and go-to-market execution (partner management, event participation, market presence). Infrastructure quality gaps create hidden costs that can undermine digital business models.	• Measure geographic distance through operationally relevant metrics: time zone overlap hours (impacts real-time support and collaboration), internet penetration and speed (affects product performance and adoption), mobile device distribution (determines UX requirements), and payment infrastructure maturity (determines integration complexity). Model the operational cost of geographic distance: 24/7 support staffing requirements, travel budget for relationship management, and infrastructure investment needed to ensure product performance at local standards.
Economic Distance & Unit Economics Translation	The analysis of income level differences, purchasing power parity adjustments, market maturity gaps, competitive intensity variations, and the fundamental question of whether the firm's unit economics remain viable when translated to the target market's economic context. Economic distance determines product-market fit at the most fundamental level: a product priced at $10/month that represents 0.01% of US median income represents 1.2% of income in markets at $10K GDP per capita — a completely different purchase decision requiring completely different value demonstration.	• Model unit economics translation by adjusting revenue assumptions (willingness to pay at local income levels, competitive price benchmarks), cost assumptions (local talent costs, infrastructure costs, regulatory compliance costs), and growth assumptions (market penetration rates at different price points, competitive dynamics). Calculate the economic distance breakeven: at what price point does the product achieve minimum viable unit economics in the target market, and what market share is required at that price? Build sensitivity analysis around exchange rate volatility, inflation differentials, and economic growth trajectories.
Aggregate Distance Scoring & Entry Sequencing	The synthesis of all four CAGE dimensions into an integrated distance score that enables market comparison and entry prioritization — weighting each dimension according to industry-specific sensitivity profiles and converting distance scores into friction-adjusted market attractiveness rankings. The aggregate score determines not just which markets to enter but the optimal entry sequence: markets with lower CAGE distance should generally be entered first to build international operating capabilities before tackling high-distance markets where the cost of learning is higher.	• Weight CAGE dimensions using empirically calibrated sensitivity factors for your specific industry: financial services typically weight Administrative 35%, Cultural 25%, Economic 25%, Geographic 15%. Calculate weighted aggregate distance for each target market and plot against raw market attractiveness (TAM, growth rate, competitive intensity). Build an entry sequence matrix that optimizes for cumulative capability building — each market entry should develop operating capabilities that reduce friction for subsequent entries. Establish CAGE distance thresholds that define maximum acceptable distance for direct entry versus partnership/acquisition entry.

Customer Journey Mapping

Framework Diagram



Trace the end-to-end experience from initial awareness through post-purchase behavior to find the moments that create or destroy customer value.

Source: CX discipline

Framework Purpose

- Customer Journey Mapping visualizes the complete end-to-end experience a customer has with a product, service, or brand — from initial awareness through purchase, onboarding, ongoing usage, and eventual renewal or churn — identifying every touchpoint, emotional state, pain point, and moment of truth that collectively determine satisfaction, loyalty, and lifetime value. The map transforms abstract 'customer experience' conversations into concrete, sequential, actionable intelligence that reveals exactly where the experience breaks down and where investment in improvement will generate the highest return.
- The framework's strategic power lies in revealing the gap between the experience organizations think they deliver and the experience customers actually receive. Most organizations optimize individual touchpoints in isolation — a great website, efficient call center, smooth checkout — while ignoring the connective tissue between touchpoints where most customer frustration actually occurs. Journey mapping forces a horizontal, cross-functional view that exposes handoff failures, information gaps, and emotional disconnects that siloed organizational structures systematically miss.

Framework Development Approach

- Define journey scope by selecting a specific customer persona and mapping the complete journey for a specific use case — not an abstract 'customer' doing an abstract 'purchase.' Specify demographics, context, goals, and constraints. A first-time mobile banking customer onboarding to direct deposit has a fundamentally different journey than an existing customer adding a secondary account. Scope precision determines whether the map produces actionable insight or generic platitudes about 'seamless experiences.'
- Map the journey through mixed-method research combining quantitative data (clickstream analytics, funnel conversion rates, support ticket analysis, NPS by stage) with qualitative depth (customer interviews, diary studies, shadowing sessions, usability testing). Plot each stage with five dimensions: customer actions (what they do), touchpoints (what they interact with), thoughts (what they're considering), emotions (how they feel), and pain points (where friction occurs). The emotional dimension is critical — functional completion with emotional frustration produces negative outcomes.
- Identify moments of truth — the 3-5 critical junctures in the journey where the customer makes a go/no-go decision that determines whether they continue, convert, or abandon. For each moment of truth, measure current performance (conversion rate, satisfaction score, time-to-completion) and model the revenue impact of improvement. Prioritize journey improvements not by ease of implementation but by moment-of-truth leverage: a 10% improvement at a critical juncture often outperforms a 50% improvement at a non-critical touchpoint.
- Build a journey optimization roadmap that sequences improvements by impact × feasibility, with explicit metrics for each improvement initiative. Establish continuous journey monitoring through real-time analytics dashboards that track journey health at each stage. Implement closed-loop feedback mechanisms that capture customer input at key moments of truth. Refresh the journey map quarterly with new behavioral data and annually with fresh qualitative research to detect journey evolution as customer expectations, competitive offerings, and technology capabilities change.

Customer Journey Mapping

Framework Element	Definition	Analytic Approach
Journey Stage Definition & Scoping	The identification and sequencing of distinct phases in the customer's end-to-end experience — from pre-awareness through post-purchase loyalty — with clear entry and exit criteria for each stage. Stage definition requires balancing granularity (enough detail to be actionable) with parsimony (few enough stages to maintain strategic clarity). Each stage represents a distinct customer mindset, set of needs, and decision logic. The transition between stages represents a conversion event that can be measured, optimized, and modeled for its revenue impact.	• Define stages by mapping customer decision logic shifts rather than organizational process steps — the journey belongs to the customer, not the company. For each stage, specify: entry trigger (what event moves the customer into this stage), core need (what the customer is trying to accomplish), success criteria (what constitutes a positive outcome), and exit conditions (what moves them to the next stage or causes abandonment). Validate stage definitions through behavioral data analysis confirming that customer behavior patterns differ meaningfully between stages.
Touchpoint Inventory & Channel Mapping	The comprehensive cataloguing of every interaction point between the customer and the organization across all channels — digital (web, app, email, social, chat), human (sales, support, account management), physical (stores, events, mail), and partner (reseller, affiliate, marketplace) — within each journey stage. Touchpoint mapping reveals the true complexity of the customer experience and exposes gaps where the customer needs support but the organization provides none, as well as redundancies where multiple touchpoints create confusion rather than clarity.	• Build the touchpoint inventory through three concurrent methods: (1) Inside-out mapping of all customer-facing systems, processes, and communications, (2) Outside-in shadowing of actual customers completing real tasks, and (3) Behavioral analytics revealing the actual touchpoint sequence customers follow (which often diverges significantly from designed flows). For each touchpoint, document: channel, ownership (which team controls it), purpose, current performance metrics, and known issues.
Emotional Journey & Satisfaction Tracking	The measurement and visualization of customer emotional states throughout the journey — capturing satisfaction, frustration, confusion, delight, and anxiety at each stage and touchpoint. The emotional dimension is the most strategically valuable layer of journey mapping because it predicts behavior far more reliably than functional metrics alone. A customer who completes a transaction successfully but feels frustrated during the process is significantly more likely to churn than one who encountered a minor hiccup but felt supported. Emotional tracking transforms journey maps from process diagrams into predictive instruments.	• Measure emotional states through triangulated methods: in-moment surveys (micro-pulse checks embedded at key touchpoints), behavioral proxies (abandonment patterns, repeated actions, support escalations, rage clicks), qualitative interviews (20+ customers walking through their recent journey experience), and sentiment analysis of support interactions and social mentions. Plot emotional intensity on a continuous scale from highly positive to highly negative across the full journey timeline. Identify emotional valleys — the points of maximum negative sentiment — as primary improvement targets.
Moments of Truth Identification & Optimization	The identification of the 3-5 critical junctures in the customer journey where the experience outcome disproportionately determines overall satisfaction, purchase decision, loyalty, and lifetime value. Moments of truth are the leverage points where small improvements generate outsized results — a concept borrowed from Jan Carlzon's airline industry insight that customer perception of an entire organization is formed during brief, critical interaction episodes rather than through the accumulated average of all interactions.	• Identify candidate moments of truth through statistical analysis: which touchpoints show the highest correlation between individual satisfaction scores and overall journey satisfaction, retention, and NPS? Validate through customer interviews: which experiences do customers spontaneously mention when describing their journey? For each confirmed moment of truth, measure current performance, model the revenue impact of improvement (using retention and LTV elasticity), and design specific experience interventions. A/B test interventions rigorously before full deployment.
Cross-Functional Journey Governance	The organizational infrastructure required to manage the customer journey as an integrated system rather than a collection of departmental touchpoints — including journey ownership roles, cross-functional coordination mechanisms, shared metrics, and continuous improvement processes. Journey governance is the operational mechanism that prevents the natural tendency of functional organizations to re-silo the customer experience. Without explicit governance, marketing optimizes awareness, product optimizes features, and support optimizes tickets — while the journey between these functions degrades.	• Appoint a Journey Owner (typically VP-level) with cross-functional authority and accountability for end-to-end journey health metrics. Establish a Journey Council that meets bi-weekly with representatives from every function that touches the customer experience. Implement journey-level KPIs that complement (not replace) functional KPIs: end-to-end completion rate, total journey time, cumulative satisfaction score, and journey-attributed revenue. Build real-time journey analytics dashboards that make journey health visible to all stakeholders.

Ecosystem Mapping

Framework Diagram

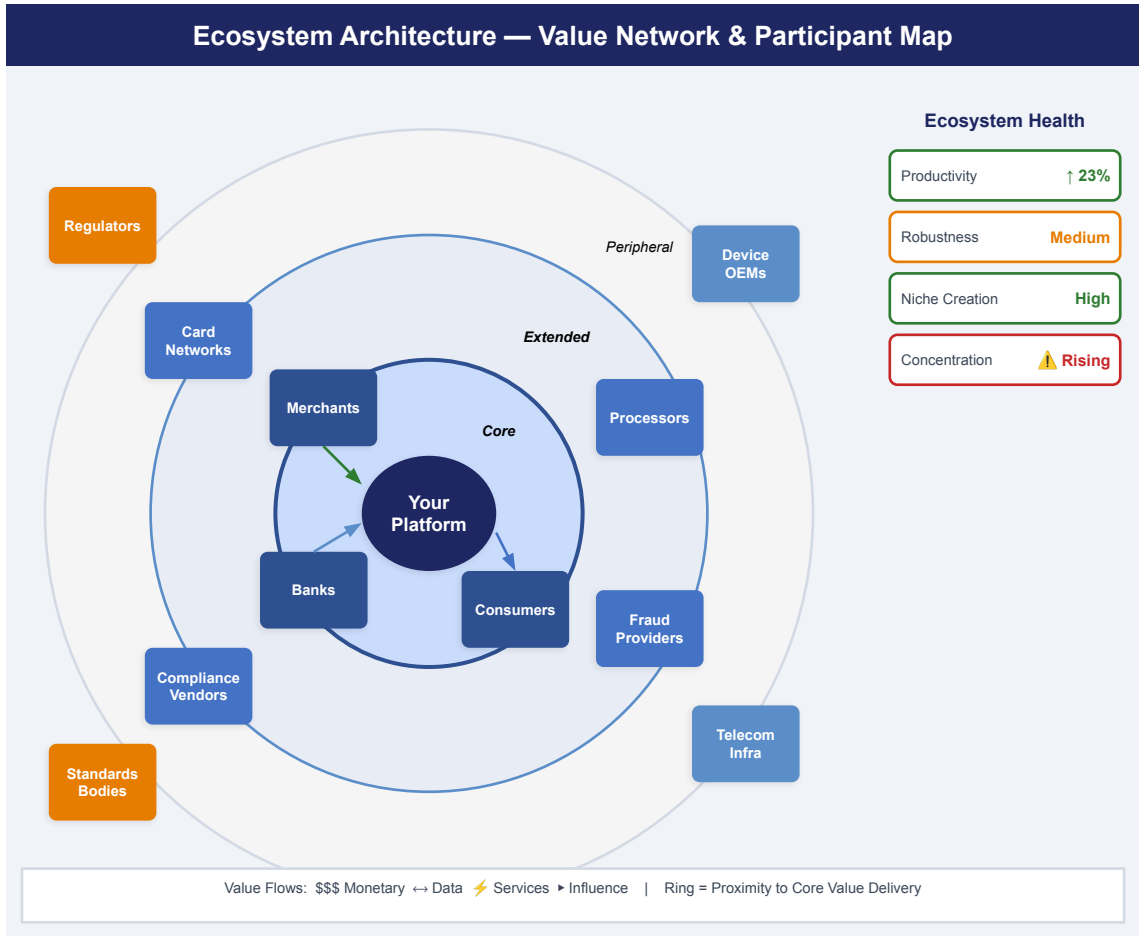


Chart the full network of complementors, suppliers, distributors, regulators, and adjacent players whose collective behavior shapes the value available to any single firm.

Source: StrategyConsulting.xyz

Framework Purpose

- Ecosystem Mapping visualizes the complete network of entities — companies, platforms, regulators, customers, suppliers, complementors, and enabling infrastructure — that collectively create and capture value within a strategic domain. Unlike traditional competitive analysis that focuses on direct rivalry, ecosystem mapping reveals the broader constellation of interdependencies, value flows, and power dynamics that determine which positions in the ecosystem are most profitable, most defensible, and most strategically important for long-term competitive advantage.
- The framework's strategic importance has accelerated dramatically as industries shift from linear value chains to multi-sided platform ecosystems where competitive advantage derives not from individual firm capability but from ecosystem position and orchestration power.
- Ecosystem mapping enables identification of structural holes — gaps in the ecosystem where value creation is occurring but value capture is unclaimed — that represent the highest-potential strategic opportunities. It also reveals dependency risks: points where a single ecosystem participant's actions could destabilize the entire value creation system. For platforms specifically, ecosystem mapping quantifies network effects by visualizing how value flows between participant categories and identifying the critical mass thresholds that determine whether an ecosystem achieves self-sustaining growth or collapses.

Framework Development Approach

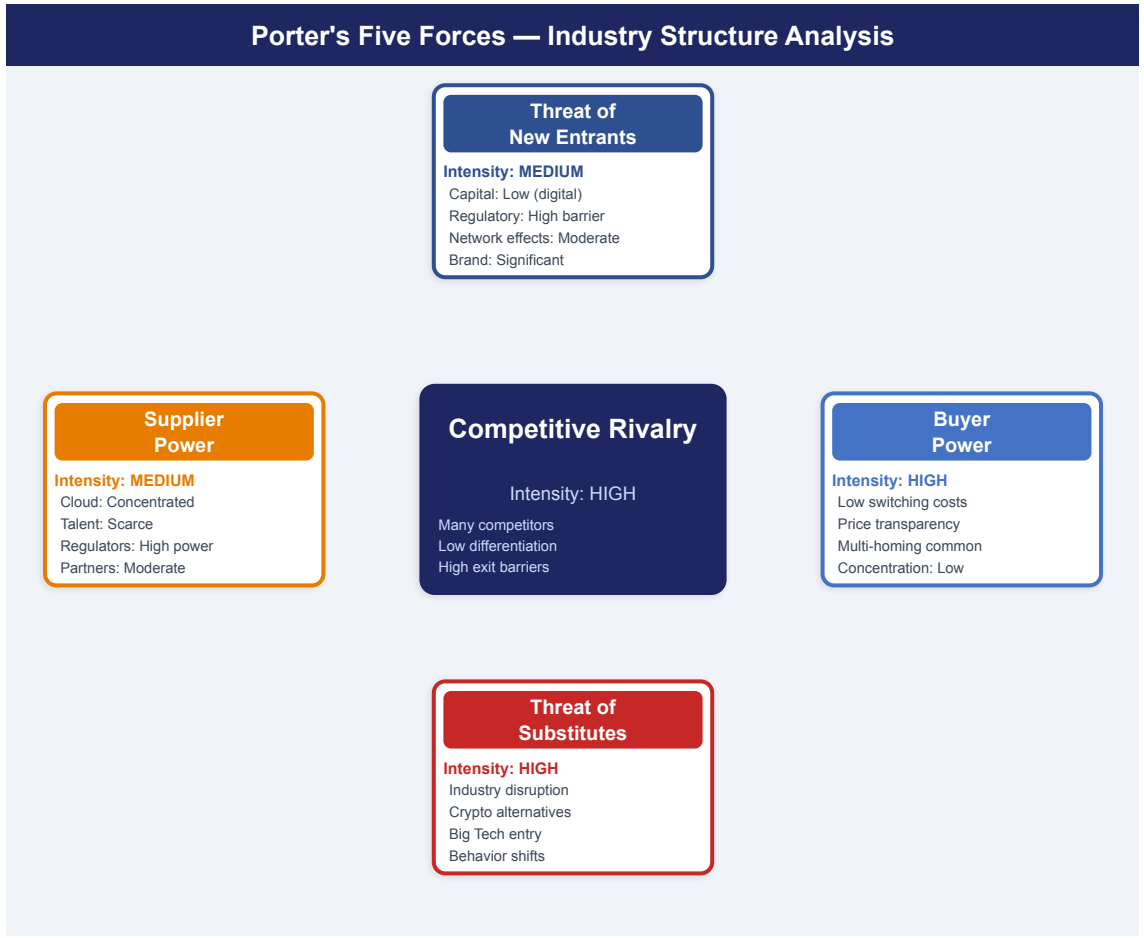
- Define the ecosystem boundary by identifying the value proposition that anchors the ecosystem and then mapping outward to include all entities that contribute to, deliver, capture, or enable that value proposition.
- Map value flows between all participants, distinguishing between monetary flows (who pays whom), data flows (who shares information with whom), service flows (who provides capability to whom), and influence flows (who shapes whose behavior through standards, regulations, or market power). Value flow mapping reveals the ecosystem's economic architecture: which participants capture disproportionate value, which are subsidized by others, and which occupy positions that could be disrupted or disintermediated by technology change or regulatory action.
- Assess ecosystem health through four indicators: productivity (is the ecosystem generating increasing total value?), robustness (can the ecosystem withstand shocks — participant exit, technology disruption, regulatory change — without collapse?), niche creation (is the ecosystem generating new roles and opportunities for diverse participants?), and concentration (is value capture becoming dangerously concentrated, creating fragility and participant exit risk?). Healthy ecosystems grow the total pie faster than concentration increases; unhealthy ecosystems cannibalize participants to feed dominant players.
- Derive strategic implications by identifying the optimal ecosystem position for your firm — where you can capture the most value while contributing sufficient value to maintain ecosystem participation incentives for other members. Model ecosystem evolution scenarios: how will the ecosystem structure change as technology matures, regulation evolves, and participant strategies shift? Build ecosystem strategy that includes both competitive moves (capturing existing value) and ecosystem development moves (growing the total ecosystem value to attract new participants and use cases).

Ecosystem Mapping

Framework Element	Definition	Analytic Approach
Ecosystem Boundary Definition & Participant Inventory	The process of defining which entities belong within the ecosystem analysis scope and mapping them into a comprehensive participant registry organized by role type, ring position (core, extended, peripheral), and strategic importance. Boundary definition is the most consequential analytical choice in ecosystem mapping — too narrow misses critical dependencies and opportunities, too broad dilutes analytical focus. The boundary should be anchored to the focal value proposition and extended outward to include all entities whose participation or absence materially affects the value proposition's viability.	• Start from the customer value proposition and map backwards through every entity required to deliver that value. For each identified participant, classify by role (supplier, complementor, distributor, enabler, regulator), ring position (how directly are they involved in value delivery), and replaceability (how many alternatives exist for this role). Build a participant registry with relationship mapping showing bilateral dependencies. Identify ecosystem gaps — roles that should exist but don't — as potential strategic opportunities.
Value Flow Architecture & Economic Mapping	The detailed mapping of how value — monetary payments, data sharing, service provision, and influence — flows between ecosystem participants, revealing the economic architecture that determines which positions capture disproportionate value and which positions are structurally disadvantaged. Value flow analysis goes beyond simple buyer-seller relationships to capture the complex web of cross-subsidization, data monetization, and influence dynamics that characterize modern platform ecosystems. The flow map reveals whether value creation and value capture are aligned or dangerously decoupled.	• Map four types of value flows between all participant pairs: monetary (who pays whom, how much, and for what), data (who shares what information with whom, under what terms), service (who provides capability to whom, and how substitutable is it), and influence (who shapes whose behavior through standards, regulations, or market power). Quantify monetary flows using transaction volume and pricing data. Assess data flow value through willingness-to-pay analysis. Map service dependencies through switching cost estimation. Identify value flow bottlenecks — participants through whom disproportionate flow passes.
Power Dynamics & Dependency Analysis	The assessment of relative power positions within the ecosystem — identifying which participants hold disproportionate influence through control of critical resources, bottleneck positions, information asymmetry, regulatory relationships, or network effects — and how these power dynamics shape strategic options for all participants. Power in ecosystems is fundamentally different from power in bilateral relationships: ecosystem power derives from structural position (how many participants depend on you) rather than just bilateral leverage (how much one specific partner needs you).	• Map structural dependencies: for each participant, how many other participants would be materially impacted if they exited? Calculate the Network Dependency Index — the weighted sum of direct and indirect dependencies flowing through each participant position. Identify bottleneck positions where single participants control critical flow paths. Assess platform power specifically: does any participant set rules that others must follow, control access that others need, or capture data that others generate? Model power shift scenarios — how would regulatory intervention, technology disruption, or participant M&A change the power distribution?
Ecosystem Health Assessment & Monitoring	The systematic evaluation of ecosystem vitality through four health indicators: productivity (total value generated by the ecosystem is growing), robustness (the ecosystem can absorb shocks — participant exit, technology disruption, regulatory change — without systemic failure), niche creation (the ecosystem is generating new roles, business models, and value creation opportunities), and value distribution (value capture is sufficiently distributed that all critical participants remain incentivized to participate). Ecosystem health monitoring provides early warning of structural vulnerabilities that could trigger cascading failures.	• Build an ecosystem health dashboard tracking: total ecosystem GMV/revenue growth (productivity), participant entry/exit rates and survival rates (robustness and attractiveness), new business model and role emergence (niche creation), and Gini coefficient of value capture across participants (distribution). Establish trigger thresholds: if participant exit rate exceeds entry rate for 2+ quarters, or if top-3 participants capture >70% of value, escalate to strategic review. Conduct annual ecosystem stress tests modeling the impact of major participant exits, regulatory changes, and technology disruptions.
Ecosystem Strategy & Positioning	The strategic determination of the firm's optimal ecosystem position — the specific role, relationships, and value-exchange structures that maximize the firm's long-term value capture while contributing sufficient value to the ecosystem to maintain participant cooperation and ecosystem health. Ecosystem strategy must balance competitive imperatives (capturing the maximum possible value) with cooperative imperatives (keeping the ecosystem healthy enough to continue generating value). This tension is the central strategic challenge of ecosystem participation.	• Evaluate alternative ecosystem positions by modeling the value capture potential, defensibility, and risk profile of each accessible position. Assess whether to pursue a platform strategy (orchestrating the ecosystem and extracting platform rent), a plug-in strategy (providing specialized capabilities that complement the platform), or a bridge strategy (connecting multiple ecosystems and capturing intermediation value). Build ecosystem development capabilities: partner management, API strategy, developer relations, and standard-setting participation. Model the transition path from current to target ecosystem position.

Five Forces

Framework Diagram



Analyze the structural forces — rivalry, buyer power, supplier power, substitutes, and new entrants — that determine how much profit an industry generates and who captures it.

Source: Michael Porter

Framework Purpose

- Porter's Five Forces is the foundational framework for understanding industry structure and the competitive dynamics that determine long-run profitability for all participants within an industry. The framework reveals that competition extends far beyond direct rivals to encompass the bargaining power of suppliers and buyers, the threat of new entrants, and the pressure from substitute products or services — five forces whose combined intensity determines whether an industry is structurally attractive (high sustained profitability) or structurally challenging (persistent margin pressure).
- The framework's enduring strategic value lies in its focus on structural profit determinants rather than transient competitive moves. While individual company performance fluctuates with execution quality, the industry structure sets the ceiling on average profitability. An exceptional company in a terrible industry (airlines: all five forces hostile) will underperform a mediocre company in a great industry (enterprise software: multiple forces favorable). Five Forces analysis prevents the strategic error of building capability in an industry whose structure won't reward it.

Framework Development Approach

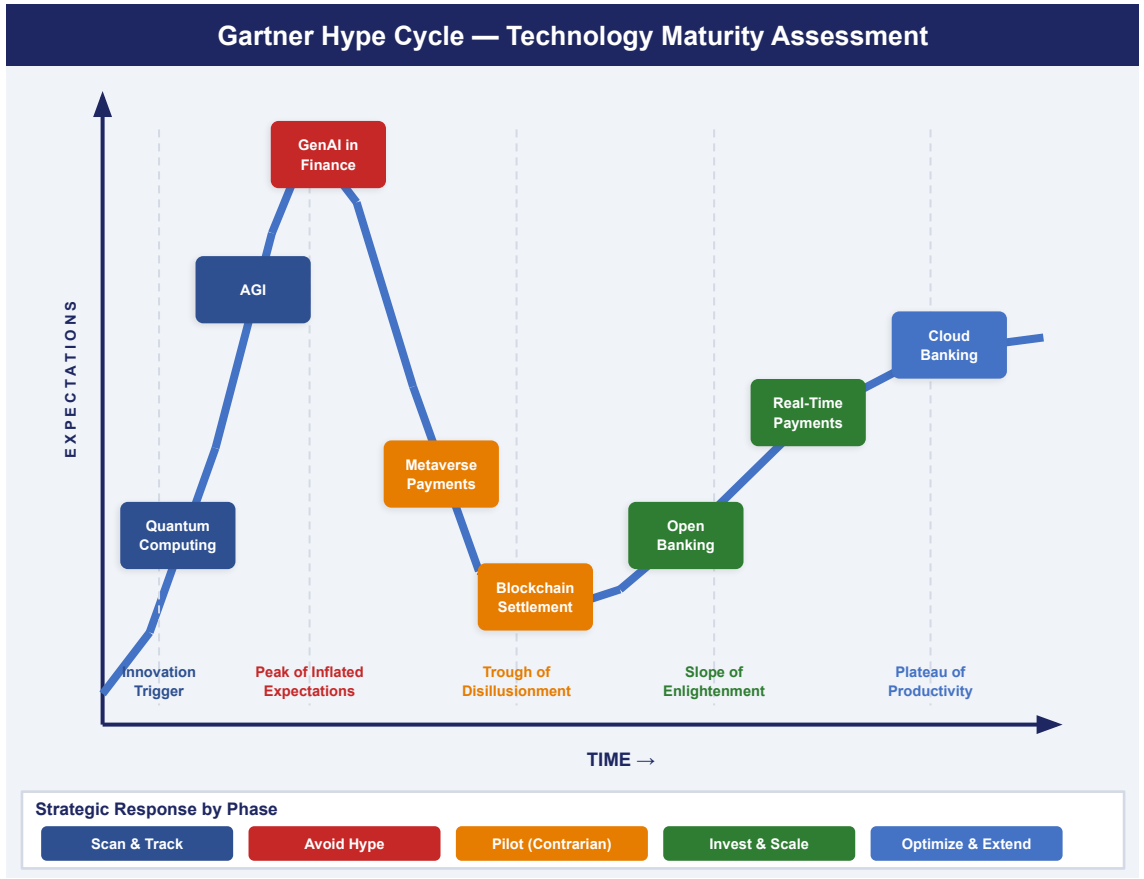
- Analyze each force independently using industry-specific data rather than generic assessments. For Threat of New Entrants: quantify the actual capital requirements, regulatory licensing timelines, minimum viable scale, brand investment, and switching costs that a credible new entrant must overcome. For digital businesses, distinguish between entry barriers (easy — anyone can launch an app) and scaling barriers (hard — achieving the network density, data advantage, and brand trust required for profitability). The relevant question is not 'can someone enter?' but 'can someone enter and reach minimum viable scale profitably?'
- For Buyer Power: segment buyers by their concentration, switching costs, price sensitivity, and information access.
- For Supplier Power, Substitutes, and Rivalry: assess each force's current intensity and trajectory (strengthening or weakening). Supplier power in technology-driven industries is concentrated in platform providers (AWS, Apple/Google app stores), talent markets (engineering scarcity), and regulatory bodies (licensing authority). Substitutes analysis must include not just product substitutes but business model substitutes.
- Synthesize the five force assessments into an industry attractiveness profile that identifies: which forces most constrain profitability (the binding forces), which forces are changing (structural evolution), and which strategic positions are best insulated from hostile forces. The output should drive strategic positioning decisions: seek positions where favorable forces (strong barriers, weak buyer power, few substitutes) protect profitability, and invest in capabilities that improve your firm's position relative to unfavorable forces.

Five Forces

Framework Element	Definition	Analytic Approach
Threat of New Entrants & Entry Barrier Analysis	The assessment of how easily new competitors can enter the industry and erode incumbent profitability — determined by the height and durability of entry barriers including capital requirements, economies of scale, regulatory licensing, brand loyalty, switching costs, network effects, and access to distribution channels. In digital markets, traditional entry barriers (capital, physical assets) have collapsed while new barriers (network effects, data advantages, regulatory moats, platform ecosystem lock-in) have emerged, fundamentally reshaping which industries are structurally protected and which are permanently contestable.	• Quantify each entry barrier: capital required for minimum viable scale, regulatory licensing timeline and cost, customer acquisition cost for credible market share, and technology investment for competitive parity. For network-effect businesses, model the critical mass threshold — the number of users/transactions required before network effects become self-reinforcing. Assess whether incumbents can raise entry barriers through strategic action (exclusive partnerships, data accumulation, regulatory lobbying) or whether the industry structure makes barriers inherently low.
Buyer Power & Customer Bargaining Dynamics	The evaluation of customers' ability to pressure firms into lowering prices, improving quality, or offering more favorable terms — determined by buyer concentration, switching costs, price sensitivity, information transparency, and the availability of alternatives. Buyer power analysis must be conducted at the segment level because power varies dramatically: enterprise customers purchasing $10M in annual services have vastly different power than individual consumers making $10 monthly subscriptions, even within the same industry.	• Segment buyers by their power profile: concentration (what percentage of revenue do top 10/20 customers represent?), switching costs (what does it actually cost a buyer to change providers — in money, time, and risk?), price sensitivity (how elastic is demand at the segment level?), and information access (how easily can buyers compare alternatives?). Map how digital technologies have shifted buyer power: comparison platforms, transparent pricing, review aggregation, and API portability all systematically increase buyer leverage. Model the profit impact of buyer power shifts.
Supplier Power & Input Cost Dynamics	The assessment of suppliers' ability to extract value from industry participants through pricing power, quality control, or supply restriction — encompassing traditional input suppliers, technology platform providers, talent markets, regulatory bodies, and any entity that controls a critical input the firm needs but cannot easily replace. In technology-driven industries, supplier power analysis must extend beyond traditional materials suppliers to include cloud infrastructure providers, app store gatekeepers, key technology licensors, and scarce talent pools.	• Map the complete input dependency structure: which inputs are critical, which suppliers provide them, how concentrated is supply, and what switching costs exist? For each critical supplier category, assess: number of alternatives, switching cost (financial, technical, operational), supplier's forward-integration threat, and input differentiation level. Build a supplier risk matrix that identifies single-source dependencies, escalating cost trends, and strategic misalignment risks. Develop alternative sourcing strategies for the highest-risk supplier relationships.
Threat of Substitutes & Value Migration	The identification and assessment of alternative products, services, or business models that can satisfy the same underlying customer need through different means — including not just direct product substitutes but functional substitutes, business model substitutes, and behavioral substitutes that eliminate the need entirely. Substitute analysis is the most frequently underestimated force because organizations define their competitive set too narrowly: Uber didn't substitute taxis, it substituted the entire paradigm of car-based urban transportation.	• Define the customer need your industry serves at the functional level (not the product level) and identify every alternative way that need can be met. For each substitute, assess: relative price-performance ratio versus your offering, switching cost for the customer, propensity of the customer to switch, and the trajectory of the substitute's improvement curve. Pay special attention to technology-enabled substitutes whose price-performance is improving rapidly — even if they're currently inferior, their improvement trajectory determines the strategic threat timeline.
Competitive Rivalry & Industry Profit Pool	The central force analyzing the intensity, nature, and consequences of competition among existing industry participants — determined by competitor concentration, industry growth rate, product differentiation, exit barriers, cost structures, and the strategic diversity of competitors. Rivalry intensity directly determines the industry's ability to maintain pricing discipline and generate above-cost-of-capital returns. Industries with intense rivalry (many competitors, low differentiation, high fixed costs) compete away economic profit regardless of the other four forces.	• Map the competitive landscape through strategic group analysis: cluster competitors by their strategic approach (cost leadership, differentiation, niche focus) and competitive capabilities. Assess rivalry intensity drivers: number and balance of competitors (fragmented vs. oligopolistic), industry growth rate (growing markets reduce rivalry intensity), fixed cost structure (high fixed costs incentivize price cutting), product differentiation (low differentiation increases price competition), and exit barriers (high exit barriers trap capacity). Model the industry profit pool distribution to identify which strategic positions capture above-average returns.

Gartner Hype Cycle

Framework Diagram



Track how emerging technologies move through inflated expectations, disillusionment, and eventual productive deployment to time investment and adoption decisions.

Source: Gartner

Framework Purpose

- The Gartner Hype Cycle provides a graphical representation of the maturity, adoption, and social application of specific technologies, mapping the predictable pattern of overenthusiasm, disillusionment, and eventual realistic adoption that characterizes how new technologies move from innovation trigger to productive deployment. The framework helps strategists avoid the twin traps of technology decision-making: investing too early based on hype (wasting capital on immature capabilities) and investing too late based on disillusionment (missing the window when mature technology creates competitive advantage).
- The framework's insight is that technology adoption follows a psychological pattern, not a linear progression. Early media excitement and vendor marketing create expectations that far exceed the technology's actual capability, leading to a peak of inflated expectations followed by inevitable disappointment when reality falls short. The subsequent Trough of Disillusionment causes many organizations to abandon promising technologies prematurely, creating asymmetric opportunity for disciplined firms that distinguish between the technology's current limitations and its fundamental trajectory.

Framework Development Approach

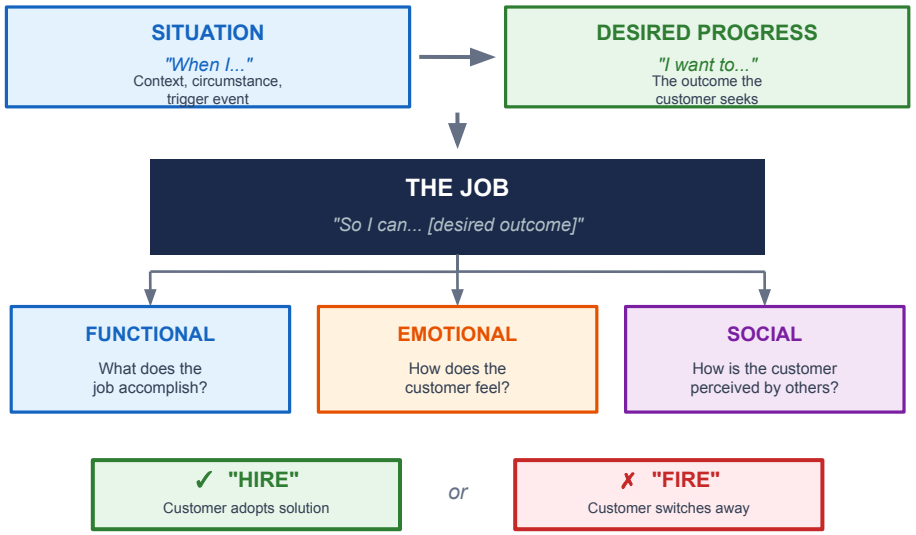
- Identify the specific technology or innovation to be assessed and place it on the Hype Cycle by evaluating five indicators: media coverage intensity and sentiment (hype indicator), venture capital investment trends (capital allocation signal), number and maturity of commercial deployments (adoption reality), performance gap between promised and delivered capability (expectation-reality delta), and enterprise buyer engagement level (demand signal). Each indicator maps to a specific Hype Cycle phase, and convergence across indicators provides high-confidence positioning.
- For each technology of strategic interest, assess the expected time-to-mainstream (Gartner's standard ranges: <2 years, 2-5 years, 5-10 years, >10 years) and the expected plateau altitude (the ultimate impact level: transformational, high, moderate, low, or obsolete before plateau).
- Build a technology portfolio strategy mapped to Hype Cycle positions: actively adopt technologies in the Slope of Enlightenment (proven value, declining risk), pilot technologies at the bottom of the Trough of Disillusionment (contrarian timing advantage, lower cost), monitor technologies at the Peak of Inflated Expectations (high risk of premature investment), and scan technologies at the Innovation Trigger (too early for meaningful investment but important for strategic awareness).
- Integrate Hype Cycle positioning with organizational capability assessment: does the firm have the technical talent, data infrastructure, integration capability, and change management capacity to successfully adopt the technology at the identified phase?

Gartner Hype Cycle

Framework Element	Definition	Analytic Approach
Technology Identification & Phase Placement	The process of identifying technologies relevant to the firm's strategic context and determining their current position on the Hype Cycle through analysis of media sentiment, venture investment trends, commercial deployment maturity, performance versus promise gaps, and enterprise buyer behavior. Accurate phase placement is the critical analytical challenge because it determines the strategic response: premature investment (placing a technology too far right) wastes capital, while delayed investment (placing too far left) surrenders first-mover advantage to competitors who correctly timed their entry.	• Build a technology watchlist covering all innovations with potential strategic impact within a 10-year horizon. For each technology, collect five phase indicators: media coverage volume and sentiment trend (Nexis, Google Trends), VC/PE investment flow (PitchBook, Crunchbase), commercial deployment count and scale (analyst reports, case studies), performance gap assessment (vendor claims versus verified results), and enterprise buyer survey data. Use indicator convergence to place each technology on the cycle with a confidence level. Update placements quarterly.
Peak of Inflated Expectations Analysis	The assessment of technologies currently experiencing maximum hype — where media coverage, vendor marketing, and early adopter enthusiasm have created expectations that significantly exceed the technology's current capability, creating a dangerous investment environment where the probability of disappointment is highest. Peak analysis identifies which technologies are most overvalued, quantifies the expectation-reality gap, and estimates the timing and depth of the inevitable correction to prevent organizations from making expensive commitments based on inflated projections.	• Measure the expectation-reality gap: compare vendor marketing claims, analyst predictions, and media coverage promises against verified performance data from actual deployments. Technologies at the peak exhibit: >10x gap between promised and delivered performance, <5% of claimed use cases actually deployed, more pilot announcements than production deployments, and rising media skepticism from early critics. Model the expected trough depth and timing using historical pattern analysis from comparable technologies.
Trough of Disillusionment Navigation	The identification and analysis of technologies currently in the disillusionment phase — where initial disappointment has led to declining media coverage, reduced investment, and widespread skepticism, but where underlying technical improvement continues and early production deployments begin to demonstrate real (if modest) value. The trough represents the highest asymmetric opportunity for disciplined investors because technology costs are declining, talent is available, competitive attention is diverted, and the fundamental technology trajectory often remains strong beneath the negative sentiment.	• Monitor technologies entering the trough for signs of underlying health: are core technical metrics improving even as sentiment declines? Are initial production deployments demonstrating positive ROI even if below original hype-era projections? Is the vendor ecosystem consolidating (which typically improves quality and reduces implementation risk)? For technologies showing healthy trough characteristics, initiate pilot programs that leverage depressed pricing and available talent. The trough is the optimal time to build organizational competence before competitor attention returns.
Slope of Enlightenment Investment Timing	The analysis of technologies entering the enlightenment phase — where realistic understanding of capabilities and limitations replaces both the exaggerated optimism of the peak and the excessive pessimism of the trough, and where second and third-generation implementations begin to demonstrate consistent, repeatable value. The slope represents the optimal investment phase for most organizations: technology risk is substantially reduced, implementation patterns are established, ecosystem support is maturing, and the competitive advantage from early adoption during the trough is becoming visible.	• Identify slope-phase technologies through indicators: growing production deployment count (not just pilots), emerging best practices and reference architectures, analyst reports shifting from 'promising' to 'recommended,' vendor ecosystem maturity (professional services, integration tooling, training programs), and enterprise procurement budgets including line items for the technology. For each slope-phase technology, build a business case using actual deployment performance data rather than vendor projections. Develop an adoption roadmap with phased investment tied to capability milestones.
Portfolio Strategy & Timing Optimization	The integration of individual technology assessments into a coherent portfolio strategy that balances technology bets across Hype Cycle phases — ensuring the organization maintains strategic awareness of emerging innovations, avoids premature investment at the peak, captures asymmetric opportunity in the trough, scales proven technologies from the slope, and optimizes productive technologies at the plateau. The portfolio approach acknowledges that no single technology bet determines competitive outcomes; rather, the pattern of timing decisions across multiple technologies creates cumulative advantage or disadvantage.	• Build a technology investment portfolio with phase-based allocation rules: allocate 10% of technology budget to Innovation Trigger scanning (awareness and learning), 0% to Peak-phase technologies (active avoidance), 25% to Trough-phase pilots (contrarian experimentation), 45% to Slope-phase scaling (primary investment), and 20% to Plateau-phase optimization (efficiency and extension). Rebalance quarterly as technologies progress through phases. Track portfolio performance by measuring time-to-value for each technology investment and comparing against competitors' timing decisions.

Jobs to Be Done (JTBD)

Framework Diagram



Customers don't buy products — they hire solutions to make progress in specific life situations.

Source: Clayton Christensen, 2003

Framework Purpose

- Jobs to Be Done reframes how you understand customer demand. Instead of asking 'what do customers want to buy,' JTBD asks 'what progress is the customer trying to make in a given circumstance?' Customers don't buy products — they 'hire' them to get a job done. When the product does the job well, they rehire it. When it doesn't, they 'fire' it and look for something better. This shift from product attributes to customer progress reveals competitive dynamics invisible to traditional market research.
- The framework distinguishes three dimensions of every job: functional (what needs to get done), emotional (how the customer wants to feel), and social (how the customer wants to be perceived). Products that address only the functional dimension lose to competitors who nail the emotional and social dimensions. The 'milkshake example' — Christensen's iconic case — showed that the same product was hired for completely different jobs by different customer segments at different times of day.
- JTBD is the antidote to demographic-based segmentation. Jobs cut across traditional segments — a 22-year-old and a 55-year-old may hire the same product for the same job. This reframes competitive sets: your real competitors aren't companies in your category but any solution the customer might hire for the same job, including doing nothing.

Framework Development Approach

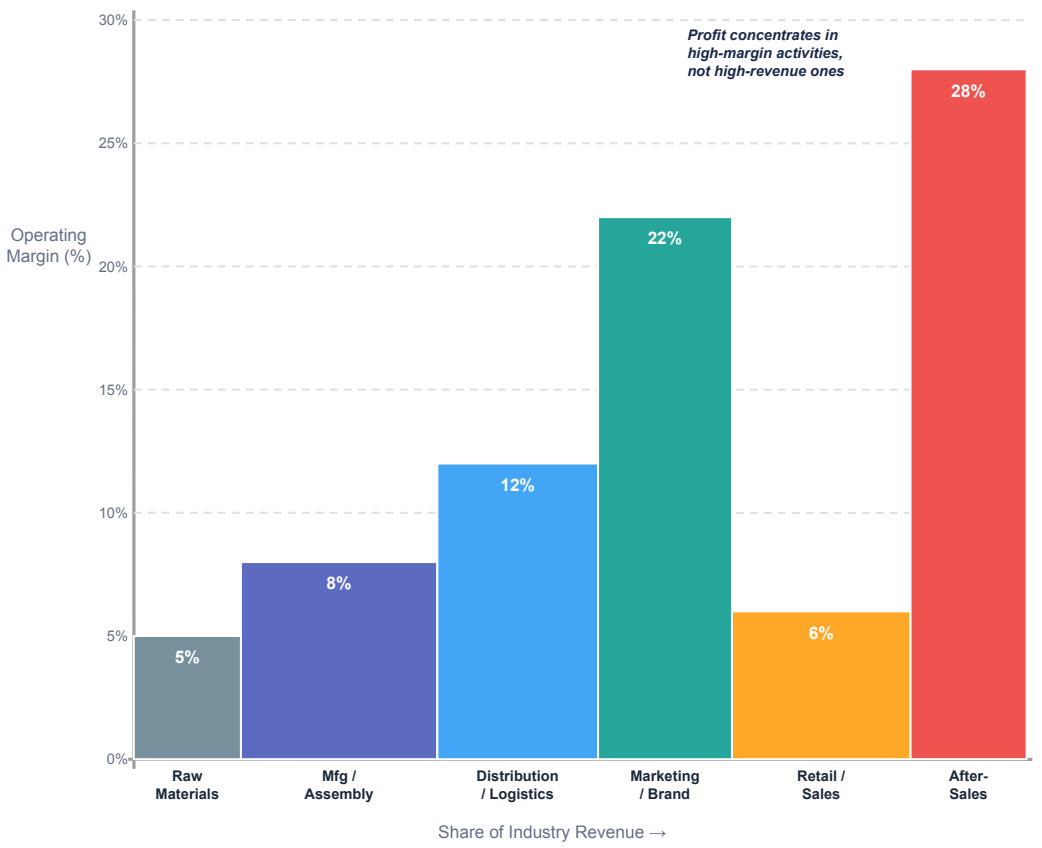
- Discover jobs through customer interviews focused on 'switching moments' — when someone adopted or abandoned a solution. Map the full timeline: what was the situation, what triggered the search, what alternatives did they consider, what made them hire your product (or a competitor's), and what would make them fire it? The richest insights come from the push/pull forces: what pushed them away from the old solution and what pulled them toward the new one.
- Write job statements using the canonical format: 'When [situation], I want to [motivation], so I can [desired outcome].' Good job statements are solution-agnostic — they describe the progress, not the product. Test for stability: a well-defined job doesn't change even as technology changes. People have always needed to 'arrive at a destination quickly and reliably' — the hired solutions evolved from horses to trains to cars to rideshare.
- Map the competitive landscape through a jobs lens. For each job, identify every solution customers currently hire — including non-obvious substitutes and 'non-consumption' (tolerating the problem). Rate each solution on how well it performs the functional, emotional, and social dimensions. The gaps reveal innovation opportunities: underserved dimensions where no current solution performs well.
- Prioritize jobs by frequency, importance, and satisfaction gap. High-frequency, high-importance jobs with low current satisfaction represent the largest opportunities. Design solutions that address all three dimensions — functional, emotional, and social — because customers evaluate holistically even when they articulate only the functional need.

Jobs to Be Done (JTBD)

Framework Element	Definition	Analytic Approach
The Job Statement	A precise description of the progress a customer is trying to make in a specific circumstance. The canonical format is: 'When [situation], I want to [motivation], so I can [desired outcome].' Job statements must be solution-agnostic — they describe the customer's desired progress, not the product features. A well-defined job is stable over time: technology and solutions change, but the underlying human need persists. Jobs exist independently of your product category and often span multiple traditional market definitions.	Conduct 'switching moment' interviews with recent adopters and recent churners. Focus on the timeline: what triggered the search? What was the struggle? What alternatives were considered? Write the job statement from the customer's perspective using the 'When/I want to/So I can' format. Validate by testing stability (would this job exist 50 years ago?), solution-agnosticism (does it mention any specific product?), and completeness (does it capture the full desired progress?). A good job statement should make you rethink your competitive set.
Functional, Emotional & Social Dimensions	Every job has three dimensions that customers evaluate, consciously or not. The functional dimension is the practical task — what needs to get done. The emotional dimension is how the customer wants to feel during and after — confident, relieved, in control. The social dimension is how the customer wants to be perceived by others — competent, sophisticated, responsible. Most companies focus exclusively on functional performance, leaving the emotional and social dimensions to competitors who understand that customers evaluate holistically.	For each identified job, map all three dimensions separately. Interview for emotional and social cues: 'How did you feel when using the old solution? How did you want to feel? What would others think?' Create a scoring matrix rating current solutions on each dimension. The largest gaps between importance and current satisfaction — especially on emotional and social dimensions — represent the highest-value innovation targets. Products that nail the functional dimension but ignore emotional and social will always be vulnerable to competitors who address all three.
Hiring & Firing Criteria	The forces that drive customers to adopt ('hire') or abandon ('fire') a solution. Four forces operate simultaneously: push of the current situation (dissatisfaction with what exists), pull of the new solution (attraction of the alternative), anxiety of the new (fear of switching), and habit of the present (comfort with the status quo). A customer switches only when push + pull exceeds anxiety + habit. Understanding these four forces explains why superior products sometimes fail (anxiety and habit are too strong) and why inferior products sometimes win (push is overwhelming).	Map the four forces for your target customers. Push: what specific frustrations drive them away from current solutions? Pull: what specific benefits attract them to your solution? Anxiety: what fears prevent switching (will it work? will I lose data? will I look foolish?)? Habit: what inertia keeps them with the current solution? Design your go-to-market to amplify push and pull while reducing anxiety and habit. Free trials reduce anxiety. Migration tools reduce habit. Case studies amplify pull. Competitive teardowns amplify push.
Competitive Landscape (Jobs Lens)	The full set of solutions a customer might 'hire' for a given job, including non-obvious alternatives and non-consumption. Traditional competitive analysis groups companies by product category. JTBD groups solutions by the job they perform — which often reveals surprising competitors. A business lunch competes not just with other restaurants but with catering, a conference room with delivered food, or a video call that eliminates the need for a meal entirely. Non-consumption (doing nothing, tolerating the problem) is often the largest 'competitor' and the biggest opportunity.	For each priority job, list every solution customers currently hire — including workarounds, substitutes, and 'doing nothing.' Interview customers: 'Before you hired us, what were you doing instead? What else did you consider?' Build a competitive map organized by job performance rather than product category. Identify where non-consumption is highest — these are markets where the job is important but no current solution performs well enough to justify hiring. These non-consumption pockets are often larger than existing served markets.
Job Prioritization & Opportunity Scoring	The process of evaluating which jobs represent the highest-value strategic opportunities. Not all jobs are equal: some are frequent, important, and poorly served (large opportunities); others are infrequent, trivial, or well-served (small opportunities). The opportunity score combines frequency (how often the job arises), importance (how much progress matters to the customer), and satisfaction gap (how poorly current solutions perform). Jobs with high frequency, high importance, and large satisfaction gaps are the strategic priority — they represent the largest pools of unmet demand.	Survey customers to score each job on importance (1-10) and current satisfaction (1-10). Calculate the opportunity score: Importance + max(Importance - Satisfaction, 0). Jobs scoring above 12-15 are underserved — high importance, low satisfaction. Jobs scoring below 6 are overserved — low importance, high satisfaction (potential for disruption from below). Plot jobs on an importance vs. satisfaction matrix. Focus innovation resources on the underserved quadrant. Monitor overserved jobs for low-end disruptive entry opportunities.

Profit Pool Analysis

Framework Diagram



Revenue share tells you where the money flows — profit pools tell you where the money stays.

Source: Bain & Company (Gadiesh & Gilbert), 1998

Framework Purpose

- Profit Pool Analysis, developed by Bain's Orit Gadiesh and James Gilbert, maps where profit actually concentrates across an industry value chain. The core insight: revenue distribution and profit distribution are often dramatically different. A value chain activity that captures 30% of industry revenue may generate only 5% of industry profit, while an activity with 10% of revenue captures 40% of profit. Companies that chase revenue without understanding profit pools compete fiercely in low-margin activities while ignoring the high-margin segments where real value accumulates.
- The framework challenges the default assumption that market share within your current activity is the path to profitability. Often, the more powerful strategic move is to shift positioning toward higher-margin activities — or to integrate vertically into them. Profit pools reveal where structural advantages exist: activities with consistently high margins typically have stronger barriers to entry, greater differentiation, or more favorable competitive dynamics.
- Profit pools are dynamic — they shift over time as technology, regulation, and competition reshape which activities capture value. The strategist's job is to anticipate where profit pools are migrating and position the organization to intercept them before competitors recognize the shift.

Framework Development Approach

- Define the industry value chain end-to-end. Identify every distinct activity from raw inputs to end customer, including services, aftermarket, and ancillary activities that are often overlooked. The chain should be exhaustive: all industry revenue must map to one activity. Resist the temptation to define activities around your current business — define them around the customer's full experience and the full flow of value.
- Estimate revenue and operating profit for each activity using public filings, industry reports, and triangulation. For each activity, calculate operating margin. Plot the profit pool: X-axis = share of industry revenue (bar width), Y-axis = operating margin (bar height). The area of each bar represents the absolute profit in that activity. The visual immediately reveals where profit concentrates — and where it doesn't.
- Analyze why margins differ across activities. High-margin activities typically exhibit one or more structural advantages: switching costs, network effects, proprietary data, regulatory barriers, brand premiums, or control of a scarce bottleneck. Low-margin activities typically suffer from commoditization, low barriers to entry, or excess capacity. Understanding the structural drivers of margin tells you whether a profit pool is durable or vulnerable.
- Map profit pool migration over time. Compare today's profit pool to 5 and 10 years ago. Which activities have gained margin? Which have lost it? What caused the shift — technology, regulation, new entrants, vertical integration? Project forward: where will profit pools migrate over the next 5 years? Position your strategy to capture the profit pools of the future, not just defend the ones you hold today.

Profit Pool Analysis

Framework Element	Definition	Analytic Approach
Value Chain Mapping	The end-to-end identification of every distinct activity in an industry where value is created and captured. The value chain must be defined from the customer's perspective — encompassing all activities from raw inputs through production, distribution, sales, and post-sale services. Activities should be defined at a level of granularity where margin profiles meaningfully differ. Too broad and you miss where profit actually concentrates; too narrow and the analysis becomes unmanageable. The chain must be MECE: every dollar of industry revenue maps to exactly one activity.	Start by mapping the customer's full journey and tracing backward through every activity that delivers value. Include activities often invisible in traditional analysis: financing, data/analytics, aftermarket services, platform fees, and regulatory compliance. Validate the chain by checking that revenue across all activities sums to total industry revenue. Benchmark against industry reports and public filings. The most common error is defining the chain around your own business model rather than the industry's full scope — this blinds you to profit pools in activities you don't currently participate in.
Revenue Distribution	The allocation of total industry revenue across value chain activities, expressed as a percentage share. Revenue distribution answers: where does the money flow? Each activity's revenue share determines the width of its bar in the profit pool chart. Revenue distribution is the most visible and intuitive measure of an activity's importance — but it is also the most misleading. Many strategists implicitly assume that revenue share correlates with profit share. The entire point of profit pool analysis is to demonstrate that this assumption is frequently wrong.	Estimate each activity's revenue using a combination of public data (company filings, industry reports, trade associations) and bottom-up modeling. For vertically integrated companies, allocate revenue to the appropriate activity using transfer pricing logic. Cross-check totals against independent industry size estimates. Document confidence levels for each estimate — some activities are well-reported while others require significant inference. The revenue distribution establishes the baseline against which profit concentration is measured.
Operating Margin by Activity	The operating profit margin for each value chain activity, representing the profitability per dollar of revenue in that activity. Operating margin is the Y-axis of the profit pool chart. Margin differences across activities reveal structural economics: some activities command premium margins because of differentiation, barriers to entry, or favorable competitive structure, while others are compressed by commoditization, overcapacity, or intense rivalry. The product of revenue share and operating margin determines each activity's share of the total profit pool — the area of its bar in the chart.	Estimate operating margins using pure-play public companies in each activity where available. For activities served primarily by divisions of diversified companies, use segment reporting, analyst estimates, and comparable transactions. Triangulate with industry benchmarks. Where data is scarce, use gross margin proxies adjusted for estimated SGA. Distinguish between average margins and best-in-class margins — the gap reveals how much margin is available to competitors who achieve structural advantages within an activity.
Profit Concentration & Structural Drivers	The analysis of why profit concentrates in certain activities and not others. Profit concentration is rarely random — it reflects structural advantages that protect margins. Common structural drivers include: switching costs that lock in customers, network effects that create winner-take-most dynamics, proprietary technology or data, regulatory barriers, brand premiums, and control of scarce bottleneck assets. Understanding the structural drivers tells you whether a profit pool is durable or whether it will erode as competitors invest or as technology lowers barriers.	For each high-margin activity, identify the specific structural advantages that protect margins. Apply Porter's five forces at the activity level: what keeps new entrants out, what gives suppliers or buyers bargaining power, what substitutes exist? For each low-margin activity, identify why margins are compressed and whether the structural conditions are changing. Build a durability scorecard: rate each profit pool on the strength and sustainability of its structural protections. Prioritize strategic investment in profit pools with strong, durable structural advantages.
Profit Pool Migration & Strategic Implications	The analysis of how profit pools shift over time and what strategic moves are warranted. Profit pools are not static — they migrate as technology disrupts activities, regulations change competitive dynamics, new business models emerge, and vertical integration reshapes who captures what. Historical migration patterns reveal trends that can be projected forward. The strategic imperative is to position the organization to capture tomorrow's profit pools, not just today's. This may mean entering new activities, exiting shrinking pools, building capabilities in adjacent spaces, or reshaping the value chain itself.	Build a time-series view: compare the profit pool today versus 5 and 10 years ago. Identify which activities gained or lost margin share and trace the root causes. Project forward using scenario analysis: how will technology, regulation, and competitive entry reshape margins across the chain? Identify profit pools at risk of compression and those likely to expand. Evaluate your strategic options: can you shift toward growing pools through organic investment, acquisition, or partnership? What would it cost to enter a high-margin activity you currently don't participate in? What is the cost of staying where you are if your current pool is migrating away?

Strategic Group Mapping

Framework Diagram

Plot competitors on strategic dimensions to reveal clusters, mobility barriers, and positioning gaps.

Source: Michael Hunt (1972) / Michael Porter (1980)

Framework Purpose

- Strategic Group Mapping clusters competitors along key strategic dimensions to reveal the competitive structure of an industry. Instead of treating all competitors as equally relevant, the map shows which firms compete most directly with each other (same group) and which operate in fundamentally different strategic spaces. Firms within a group share similar strategies — comparable pricing, breadth, distribution, and capabilities — while firms in different groups face different competitive dynamics.
- The map reveals 'mobility barriers' — the costs and risks of moving from one strategic group to another. These barriers explain why profitable positions persist: even when a group earns superior returns, firms in other groups can't easily migrate because they'd need to fundamentally reconfigure their strategy, capabilities, and cost structure. Mobility barriers are to strategic groups what entry barriers are to industries — they protect profitable positions from competitive erosion.
- Most critically, the map identifies 'white spaces' — strategic positions where no current competitor operates. White spaces may represent untapped opportunities or they may be structurally unviable. The strategist's job is to determine which — and to move decisively when a white space represents a genuinely defensible position.

Framework Development Approach

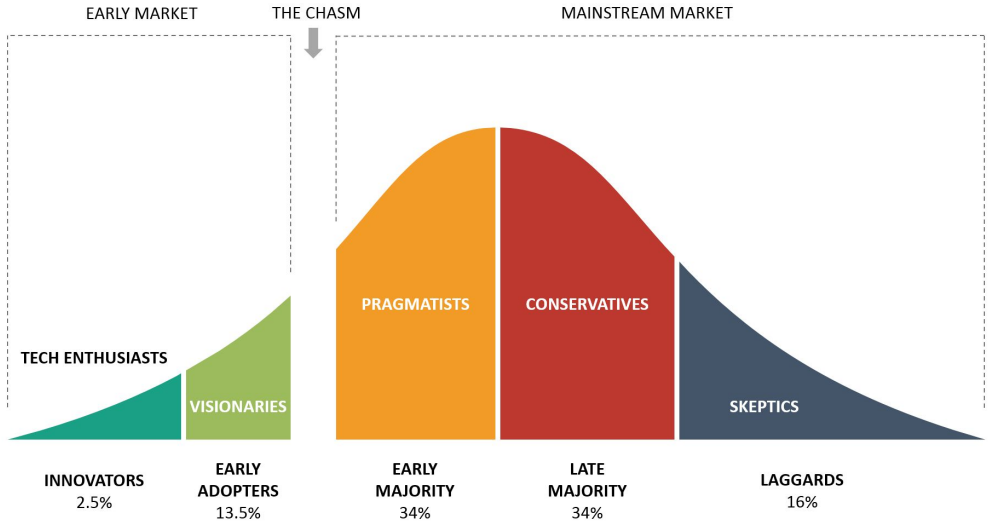
- Select the two strategic dimensions that most meaningfully differentiate competitors in your industry. Common axes: price/quality positioning, breadth of product line, degree of vertical integration, geographic scope, channel strategy, technology intensity, or brand investment. The right axes are those where competitors make genuinely different choices — if everyone clusters in one spot, those dimensions don't discriminate. Test multiple axis pairs before committing.
- Plot every significant competitor on the map and identify natural clusters. Draw boundaries around groups of firms with similar positioning. Size each dot by revenue or market share to add a third dimension. Label each group with a descriptive name that captures its shared strategic logic. Validate by checking: do firms within each group compete more intensely with each other than with firms in other groups? If not, your dimensions may not be the right ones.
- Analyze mobility barriers between groups. What would it cost — in capital, time, capabilities, and brand risk — for a firm in Group A to move to Group B's position? High mobility barriers mean the group structure is stable and profits within groups are protected. Low barriers mean the map is likely to shift as competitors reposition. Overlay profitability data: which groups earn the highest returns? The combination of profitability and mobility barriers reveals which positions are strategically advantaged.
- Identify white spaces and evaluate their viability. Not every empty position is an opportunity — some are empty because the economics don't work. Test each white space: is there demand for this positioning? Can a viable cost structure support it? What mobility barriers would protect a first mover? Map how the groups have shifted over the past decade to understand trajectory and anticipate future moves.

Strategic Group Mapping

Framework Element	Definition	Analytic Approach
Strategic Dimensions (Map Axes)	The two (or occasionally three) variables chosen to differentiate competitors and define the map's axes. Good strategic dimensions are those where firms in the industry make genuinely different choices that lead to different competitive positions. Common dimensions include: price/quality positioning, breadth of product line, geographic scope, degree of vertical integration, channel strategy, technology/innovation intensity, and brand investment. The choice of dimensions determines what the map reveals — different axis pairs surface different competitive insights. The axes should capture the most strategically consequential differences between competitors.	Generate a long list of potential dimensions by examining how competitors differ. Test each pair by plotting competitors and checking for meaningful dispersion — if all firms cluster in one area, those dimensions don't discriminate. The best axes are those that create clear separation between distinct groups. Avoid dimensions that are highly correlated (they'll produce a diagonal line rather than clusters). Try 4-5 axis pairs before selecting the most revealing combination. Validate with industry experts: do the resulting groups match their intuitive sense of competitive structure?
Strategic Groups	Clusters of firms that pursue similar strategies along the chosen dimensions. Firms within a strategic group face similar competitive pressures, target similar customers, and compete most directly with each other. The number of groups varies by industry — some have two or three clearly distinct groups while others have five or more. Group membership is not permanent: firms can and do shift groups over time through strategic repositioning, though this is costly and risky. The group structure reveals the industry's competitive architecture — which competitive games are being played and by whom.	After plotting competitors, identify natural clusters using visual inspection. Draw boundaries around groups where firms are positioned similarly. Name each group descriptively based on its shared strategic logic (e.g., 'cost leaders,' 'premium niche players,' 'broad differentiators'). Size dots by market share to add richness. Validate groupings by checking intra-group competitive intensity — firms within a group should compete more intensely with each other than with firms outside the group. If a firm sits between groups, determine whether it is transitioning or occupying a distinct strategic space.
Mobility Barriers	The costs, risks, and structural obstacles that prevent firms from moving between strategic groups. Mobility barriers explain why profitable group positions persist despite being visible to all competitors. Barriers include: capital investment requirements (building manufacturing scale, distribution networks), capability gaps (technical expertise, brand equity, relationships), switching costs for customers, and risk of strategic ambiguity (being 'stuck in the middle' during transition). High mobility barriers stabilize the group structure and protect incumbent positions. Low barriers signal that the competitive landscape is likely to shift.	For each pair of adjacent groups, assess the mobility barriers that a firm would face in attempting to move from one to the other. Categorize barriers as: capital-based (investment required), capability-based (skills and assets needed), time-based (how long the transition takes), and risk-based (probability of failure during transition). Rate each barrier as high, medium, or low. The groups protected by the highest mobility barriers are the most strategically stable — and often the most profitable. Look for asymmetric barriers: cases where moving in one direction is much harder than moving in the other.
White Space Analysis	The identification and evaluation of positions on the strategic map where no current competitor operates. White spaces represent potential opportunities for differentiated positioning — but not all white spaces are viable. Some are empty because the economics don't support that combination of strategic choices. Others are empty because no one has tried yet. The strategist must distinguish between 'structurally empty' positions (not viable) and 'competitively empty' positions (viable but unclaimed). Competitively empty positions that can be defended by mobility barriers represent the highest-value strategic opportunities.	Identify all significant empty zones on the map. For each white space, test viability: is there customer demand for this positioning? Can a firm build a cost structure that supports it? What capabilities would be required? How quickly could an incumbent reposition to compete? Estimate the profit potential and compare it against the investment required to occupy the position. For viable white spaces, assess defensibility: what mobility barriers would protect a first mover? The most attractive white spaces are those with clear demand, viable economics, and high barriers that the first mover can erect to deter followers.
Dynamic Group Evolution	The analysis of how strategic groups shift, emerge, merge, and dissolve over time. Strategic group maps are snapshots — the competitive structure they capture is constantly evolving. Technology disruption can create new groups, eliminate old ones, or collapse the barriers between them. Regulatory changes can open or close group positions. Customer preference shifts can make some positions more or less attractive. Tracking group evolution over time reveals competitive trajectory — which groups are growing, which are shrinking, and which are converging. Forward-looking strategists use historical evolution patterns to anticipate where the map is heading.	Build a time-series of strategic group maps: compare today's map to 5 and 10 years ago. Track which firms have moved between groups, which groups have expanded or contracted, and which new groups have emerged. Identify the forces driving evolution: technology, regulation, customer shifts, or competitive entry. Project forward: based on current trends, how will the map look in 3-5 years? Which groups will grow? Which will compress? Are new groups forming? Use this dynamic view to inform positioning decisions — choose positions that will be advantaged as the map evolves, not just positions that are advantaged today.

Technology Adoption Lifecycle

Framework Diagram



Map how innovations diffuse across customer segments — from innovators through laggards — to identify where on the adoption curve a technology sits and what it takes to cross the chasm.

Source: Geoffrey Moore

Framework Purpose

- The Technology Adoption Lifecycle, refined by Geoffrey Moore's 'Crossing the Chasm' framework, describes the predictable pattern through which new technologies gain market acceptance across five adopter categories: Innovators, Early Adopters, Early Majority, Late Majority, and Laggards. The framework's foundational insight is that the transition between Early Adopters and Early Majority is not smooth but contains a dangerous 'chasm' — a gap where many promising technologies stall and die because the strategies that attract visionary early customers fail completely with pragmatic mainstream buyers.
- The framework matters because it explains the most common failure mode in technology commercialization: achieving enthusiastic early traction and then scaling operations for mainstream adoption that never materializes. The chasm exists because Early Adopters buy for competitive advantage (they want to be first), while Early Majority buyers purchase for productivity improvement (they want a complete, proven, supported solution). These are fundamentally different buying psychologies requiring different products, different marketing, different sales approaches, and different success metrics.

Framework Development Approach

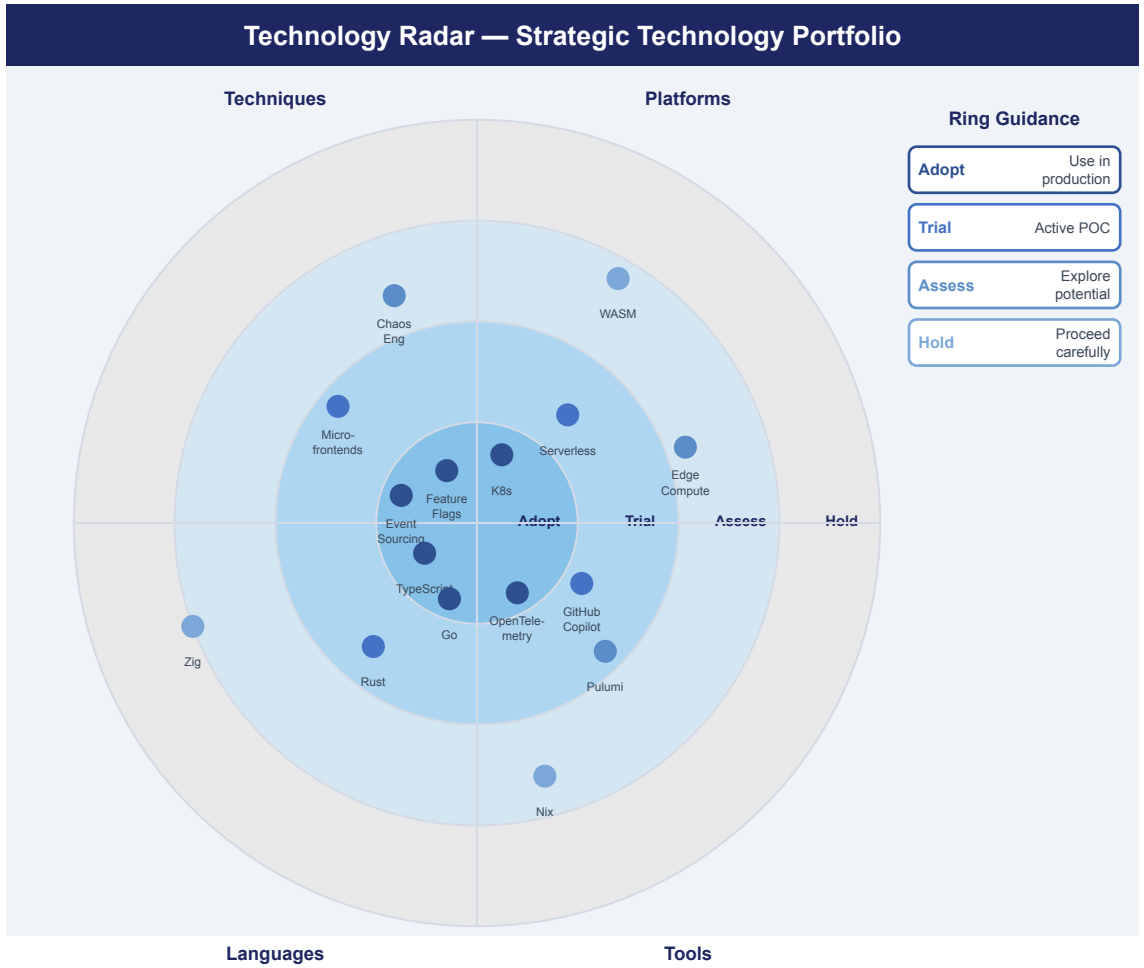
- Determine your product's current position on the adoption curve by analyzing your customer base composition against adopter category profiles. Innovators (<2.5% of market) are technology enthusiasts who pursue new technology aggressively; they need no reference customers. Early Adopters (~13.5%) are strategic visionaries who see competitive advantage; they need a compelling vision but tolerate incomplete products. Early Majority (~34%) are pragmatists who need proven, complete solutions with references from people like them. Map your current customers to these profiles to determine where you are on the curve.
- If you're approaching or stuck in the chasm, deploy Moore's beachhead strategy: instead of trying to cross the chasm across the entire market simultaneously, select a single, highly targeted niche segment within the Early Majority that has a compelling, urgent problem your product solves. Dominate that beachhead segment completely — achieve >50% penetration — then use it as a reference platform to expand to adjacent segments. The beachhead must be small enough to dominate quickly but connected enough to other segments to enable sequential expansion.
- Build the 'Whole Product' required to satisfy pragmatist buyers. Early Adopters tolerate incomplete products because they fill gaps themselves. Early Majority buyers require: a complete solution (not just core technology), professional services and support, training and documentation, integration with existing systems, reference customers in their industry, and a credible vendor who will still be in business in five years. Map every gap between your current offering and the whole product requirement, and close gaps through build, partner, or acquire decisions.
- Adjust go-to-market strategy for the target adoption segment. Innovators respond to technology specifications and novelty. Early Adopters respond to vision, strategic advantage, and personal relationships with founder/CEO. Early Majority responds to: peer references, analyst endorsements, published case studies, RFP compliance, procurement process compatibility, and evidence of market leadership. The transition from Early Adopter to Early Majority marketing requires a fundamental shift from 'revolutionary' to 'evolutionary' messaging.

Technology Adoption Lifecycle

Framework Element	Definition	Analytic Approach
Adopter Category Profiling & Current Position Assessment	The classification of current and potential customers into five adopter categories based on their technology adoption psychology — Innovators (technology enthusiasts who pursue new tech for its own sake), Early Adopters (visionaries who see strategic competitive advantage), Early Majority (pragmatists who want proven, complete solutions), Late Majority (conservatives who adopt only under competitive pressure), and Laggards (skeptics who resist until the old way is no longer available). Accurate current position assessment prevents the fatal error of scaling for mainstream adoption while still serving only early adopters.	• Analyze your current customer base through adopter category surveys: why did they buy, what alternatives did they consider, how much customization did they require, and how tolerant are they of product gaps? Calculate the percentage of customers in each category. If >80% of customers are Innovators and Early Adopters, you haven't crossed the chasm regardless of revenue growth. Map the buying process differences between your current customers and the next adopter category to identify the specific gaps that must be closed to attract mainstream buyers.
Chasm Analysis & Gap Identification	The systematic identification of the specific discontinuities — in product completeness, buying psychology, success criteria, reference customer requirements, and risk tolerance — that create the chasm between early adopter enthusiasm and mainstream buyer pragmatism. The chasm is not a single gap but a compound barrier: pragmatist buyers require complete solutions (not just core technology), peer references (not just visionary testimonials), proven ROI (not just strategic potential), and vendor stability assurance (not just innovation excitement). Each missing element reinforces the others.	• Map the complete buying criteria for your target Early Majority segment, then gap-analyze against your current offering and go-to-market capabilities. Typical chasm gaps include: no reference customers from the buyer's own industry/segment, incomplete product requiring buyer-side integration effort, sales process misaligned with formal procurement, pricing model incompatible with budget cycles, and ROI documentation insufficient for committee-based decisions. Prioritize gaps by their blocking power — which gaps are preventing purchase decisions vs. merely reducing enthusiasm?
Beachhead Segment Selection & Domination	The strategic decision to concentrate all resources on a single, narrowly-defined segment within the Early Majority rather than pursuing broad mainstream adoption simultaneously — Moore's core prescription for crossing the chasm. The beachhead segment must satisfy four criteria: the segment has a compelling, urgent reason to buy (not just interest), the segment is small enough to dominate within 12-18 months, segment members communicate with each other (enabling word-of-mouth), and the segment connects to adjacent segments that represent the next expansion targets.	• Screen potential beachhead segments using the four criteria plus economic viability: is the segment large enough to sustain the business while you build toward broader adoption? Build a detailed target customer profile for the beachhead: specific industry, company size, role of buyer, compelling event that triggers purchase, and complete buying process map. Develop a segment-specific whole product that addresses every requirement the beachhead buyers have — even if some capabilities must be delivered through partners rather than your own product. Target >50% penetration in the beachhead within 18 months as the success metric.
Whole Product Development & Partner Strategy	The expansion of the core product into a complete solution that satisfies the pragmatist buyer's requirement for a turnkey, low-risk offering — including not just the technology product but all surrounding services, integrations, support, documentation, training, and ecosystem components needed for successful deployment. The whole product concept recognizes that mainstream buyers don't buy products; they buy solutions to problems, and any gap between the product and the complete solution represents friction that delays or prevents adoption.	• Map the complete solution stack required by your beachhead segment: core product functionality, implementation services, system integration, data migration, user training, ongoing support, success management, and ecosystem connections. For each whole product layer, decide: build (develop internally), partner (formalize a delivery relationship), or acquire (buy a company that fills the gap). Prioritize partner relationships for non-core capabilities to preserve focus while closing gaps quickly. Measure whole product completeness through customer effort score and time-to-value metrics.
Go-to-Market Transition & Scaling Strategy	The deliberate restructuring of marketing messaging, sales process, channel strategy, and pricing model to match the buying psychology and procurement practices of the target adoption category — recognizing that the approaches that attracted innovators and early adopters will actively repel mainstream buyers. The go-to-market transition is organizational, not just tactical: it requires changes to how the company positions itself, how sales engages prospects, how success is measured, and often how the team itself is structured.	• Redesign messaging from 'revolutionary technology' to 'proven solution with measurable ROI.' Replace visionary testimonials with pragmatist case studies featuring quantified business outcomes. Restructure sales from relationship-driven founder selling to process-driven team selling aligned with formal procurement. Implement customer success programs that ensure early mainstream customers achieve documented results that become reference material for subsequent buyers. Build channel partnerships that provide the local presence, industry expertise, and implementation capacity that mainstream buyers expect.

Technology Radar

Framework Diagram



Plot technologies by maturity and strategic relevance to create a shared organizational view of what to adopt, trial, assess, or hold.

Source: ThoughtWorks-originated

Framework Purpose

- The Technology Radar, originated by ThoughtWorks, provides a structured visual methodology for cataloguing and evaluating emerging technologies, tools, techniques, and platforms across four concentric rings that represent the organization's recommended engagement level: Adopt (use in production now), Trial (pursue actively with proof-of-concept), Assess (explore to understand potential impact), and Hold (proceed with caution, do not invest). The radar transforms chaotic technology landscape scanning into a disciplined, actionable technology portfolio management tool.
- The framework's power lies in forcing binary investment decisions rather than allowing perpetual 'evaluation' mode. Every technology must be classified into one of four rings — there is no 'maybe' category. This forcing function prevents the common organizational pathology of infinite technology exploration with no commitment, where engineering teams evaluate dozens of technologies without ever deploying any to production. The radar creates organizational alignment on which technologies to bet on, which to experiment with, and which to explicitly avoid.

Framework Development Approach

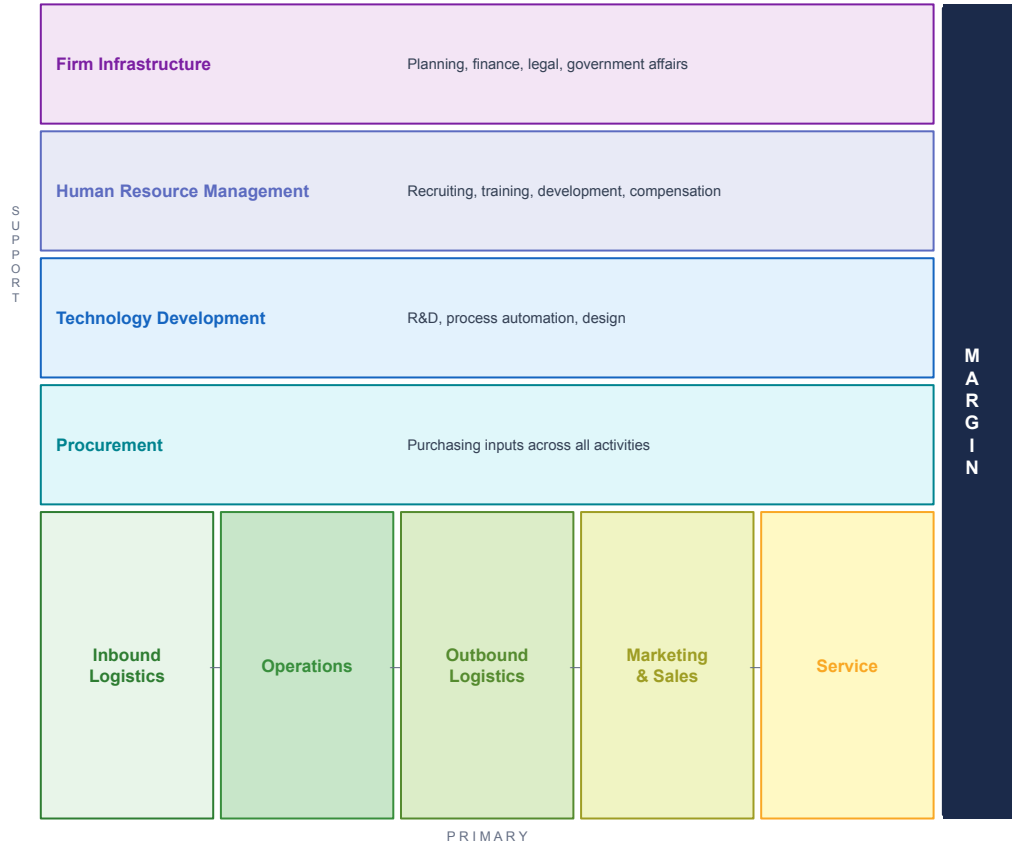
- Establish a Technology Advisory Group (TAG) comprising senior engineers, architects, product leaders, and strategic technologists who collectively possess breadth across the four radar quadrants (Languages & Frameworks, Tools, Techniques, Platforms) and depth in the organization's core technology domains. The TAG meets quarterly to review and update the radar, processing inputs from: engineering team submissions, industry analyst reports, conference learnings, competitive intelligence, and strategic planning outputs.
- For each technology under consideration, evaluate against five criteria: strategic relevance (does this technology address a strategic capability gap or competitive requirement?), maturity (is the technology production-ready, or still evolving?), ecosystem health (is there a vibrant community, strong vendor support, and growing adoption?), organizational readiness (do we have or can we acquire the talent and infrastructure to deploy?), and total cost of ownership (including learning curve, integration effort, ongoing maintenance, and migration risk). Score each criterion 1-5 and use the composite to guide ring placement.
- Classify technologies into four quadrants that map to the organization's technology landscape: Languages & Frameworks (programming languages, development frameworks, UI libraries), Tools (development tools, CI/CD systems, monitoring platforms), Techniques (architectural patterns, development practices, organizational approaches), and Platforms (infrastructure, databases, cloud services, messaging systems). This quadrant structure ensures comprehensive coverage and prevents overweighting one technology category.
- Publish and operationalize the radar by integrating it into technology decision-making processes: new project technology choices must reference the radar, architecture review boards use the radar as evaluation input, engineering hiring priorities align with Adopt/Trial technologies, and training budgets target capability building for radar technologies. Track radar accuracy over time — technologies that moved from Assess to Adopt should correlate with successful production deployments, while Hold recommendations should correlate with technologies that other organizations struggled with.

Technology Radar

Framework Element	Definition	Analytic Approach
Technology Scanning & Submission Process	The organizational process for identifying, submitting, and initial-screening candidate technologies for radar evaluation — ensuring comprehensive coverage of the technology landscape while maintaining signal quality. The scanning process must balance breadth (capturing innovations from unexpected sources) with focus (filtering noise before it reaches the evaluation stage). Effective scanning leverages multiple input channels: engineering team hands-on experience, conference and publication tracking, vendor and analyst briefings, open-source community monitoring, and competitive technology intelligence.	• Establish quarterly submission windows where any engineering team member can nominate technologies for radar consideration. Require structured submissions including: technology description, strategic relevance thesis, maturity assessment, comparable alternatives, and proposed ring placement with justification. Supplement bottom-up submissions with top-down scanning of analyst reports (Gartner, Forrester, ThoughtWorks radar), conference keynotes, and GitHub trending repositories. Pre-filter submissions against strategic relevance criteria before TAG evaluation.
Ring Classification & Evaluation Criteria	The structured evaluation framework for determining the appropriate ring placement for each technology — Adopt (proven value, recommended for production use), Trial (worth pursuing actively with proof-of-concept investment), Assess (worth exploring to understand potential impact, but not ready for production investment), or Hold (proceed with caution due to risks, limitations, or better alternatives). Ring placement is a consequential organizational recommendation that directly influences engineering investment decisions, so the evaluation must be rigorous, evidence-based, and transparent in its reasoning.	• Evaluate each technology against five weighted criteria: strategic alignment (does it address an identified capability need?), production readiness (can it handle real workloads reliably?), ecosystem maturity (are there sufficient community resources, vendor support, and trained talent?), organizational fit (does it align with existing architecture, skills, and operational capabilities?), and total cost of ownership (what is the full lifecycle cost including learning, integration, maintenance, and potential migration?). Use a scoring rubric that maps composite scores to ring recommendations with override provisions for strategic imperative technologies.
Quadrant Organization & Coverage Assurance	The classification of technologies into four quadrants — Techniques (architectural patterns, methodologies, practices), Platforms (infrastructure, databases, cloud services), Languages & Frameworks (programming languages, development frameworks, libraries), and Tools (development tools, CI/CD, monitoring, testing) — ensuring that the radar provides comprehensive coverage of the complete technology stack and prevents overrepresentation of any single category. Quadrant discipline forces evaluation of the full technology landscape rather than allowing attention to cluster around whatever is currently trending.	• Assign each submitted technology to a quadrant based on its primary function, resolving edge cases through TAG discussion. Monitor quadrant balance: if >40% of radar entries cluster in one quadrant, investigate whether other quadrants are being under-scanned. Ensure each quadrant has representation across all four rings to maintain decision-useful diversity. Track quadrant evolution over time — shifts in quadrant concentration signal where technology change is accelerating.
Radar Publication & Organizational Integration	The process of publishing, communicating, and operationalizing the technology radar so it actively influences technology decisions rather than becoming a shelf document. Publication includes the visual radar, detailed technology profiles, and ring-change narratives explaining why technologies moved. Integration embeds the radar into architecture review processes, new project technology selection, hiring priorities, and training investment decisions. Without operational integration, the radar is intellectual entertainment; with integration, it's a strategic technology governance mechanism.	• Publish the radar quarterly through an internal portal with interactive navigation. For each technology, provide: ring placement, ring-change history, evaluation rationale, recommended next steps, internal expertise contacts, and relevant resources. Integrate radar references into architecture decision records (ADRs), requiring teams to justify technology choices that diverge from radar recommendations. Align engineering hiring profiles with Adopt/Trial technologies. Allocate 15% of engineering time to Trial-ring exploration and 5% to Assess-ring learning.
Radar Governance & Accuracy Tracking	The governance framework for maintaining radar quality, managing the evaluation process, and tracking the accuracy of ring placement decisions over time. Governance ensures that the radar reflects genuine organizational consensus rather than individual preferences, that ring movements are data-driven rather than hype-driven, and that the radar evolves as the technology landscape changes. Accuracy tracking provides a feedback loop: if technologies consistently move from Adopt to Hold (indicating premature adoption recommendations), the evaluation process needs recalibration.	• Establish the TAG with rotating membership to prevent groupthink, requiring at least one dissenting voice for any ring change. Track radar accuracy metrics: what percentage of Adopt-ring technologies achieved successful production deployment within 12 months? What percentage of Hold-ring technologies were confirmed as problematic by external evidence? Measure radar influence: what percentage of new project technology decisions reference the radar? Conduct annual retrospectives comparing radar predictions against actual technology outcomes to calibrate evaluation criteria.

Value Chain Analysis

Framework Diagram



Disaggregate the firm into strategically relevant activities to find where cost and differentiation advantages originate.

Source: Michael Porter, 1985

Framework Purpose

- Value Chain Analysis, introduced by Michael Porter in 'Competitive Advantage,' disaggregates a firm into its strategically relevant activities to understand the sources of cost behavior and differentiation. The core insight: competitive advantage doesn't reside in the firm as a whole — it originates in the discrete activities the firm performs. A firm gains advantage by performing strategically important activities more cheaply or better than competitors. Understanding which activities drive cost and which drive differentiation is the foundation for building sustainable competitive advantage.
- Porter divides activities into two categories: primary activities (directly involved in creating and delivering the product) and support activities (enabling the primary activities). The margin is the difference between total value created and the collective cost of performing all activities. The framework forces analysis below the level of 'the company' to the level of 'what the company actually does' — revealing that advantages and disadvantages are activity-specific, not company-wide.
- Value chain analysis also reveals linkages — interdependencies between activities where the way one activity is performed affects the cost or effectiveness of another. These linkages are often the most powerful and sustainable sources of advantage because they're harder for competitors to see and replicate than advantages in any single activity.

Framework Development Approach

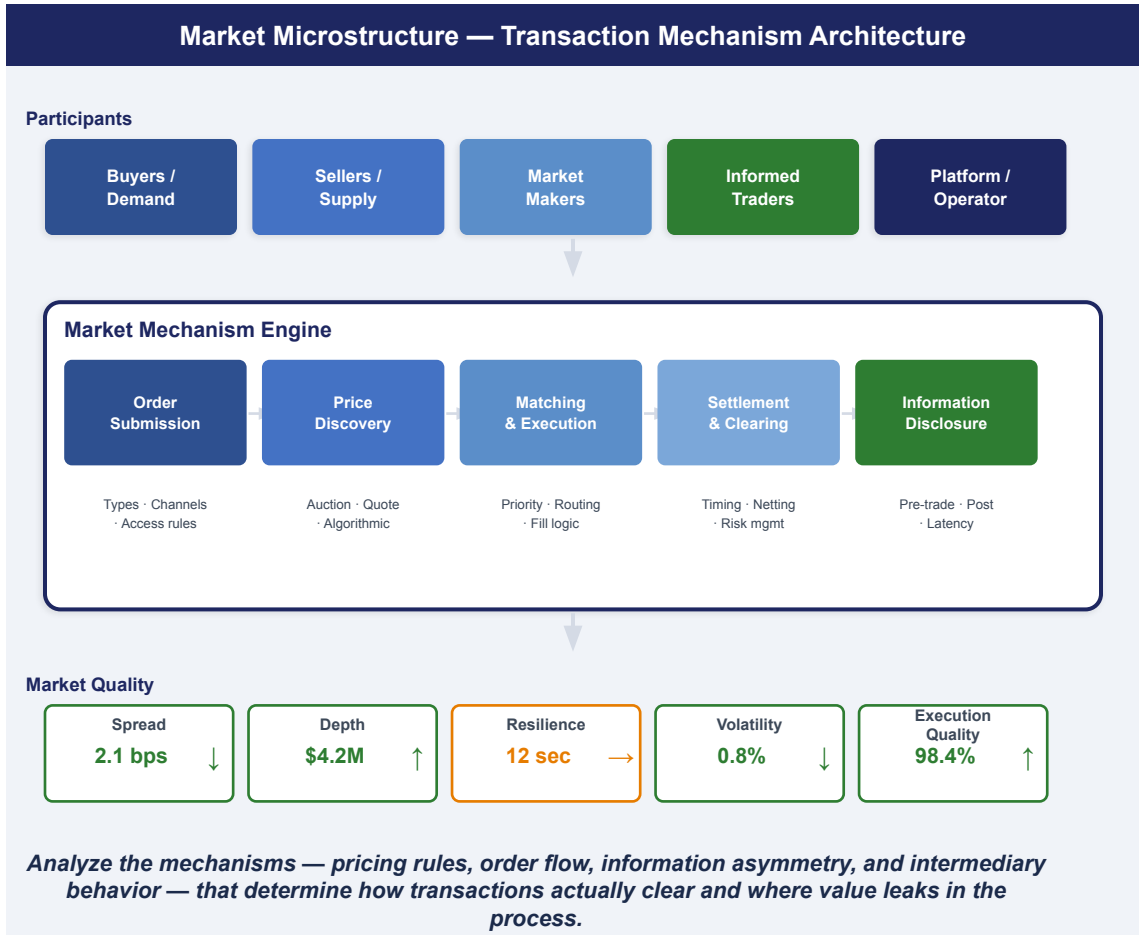
- Map all activities the firm performs, categorized as primary (inbound logistics, operations, outbound logistics, marketing & sales, service) or support (firm infrastructure, HR management, technology development, procurement). Customize the generic categories to your specific business — the generic labels are starting points, not answers. A software company's 'operations' is product development; a manufacturer's is the factory floor. Define activities at the level where cost and differentiation drivers meaningfully differ.
- Allocate costs and assets to each activity. For each activity, determine its cost relative to total cost and whether it's rising or falling. Identify the cost drivers: scale, capacity utilization, linkages, interrelationships, integration, timing, policy choices, location, and institutional factors. Compare your cost structure activity-by-activity against competitors. The activities where your costs are structurally lower are your cost advantages; where structurally higher, your vulnerabilities.
- Assess each activity's contribution to differentiation. Which activities create unique value that customers will pay a premium for? Differentiation can come from any activity — product design (technology development), reliable delivery (outbound logistics), brand building (marketing), or exceptional support (service). The most defensible differentiation comes from activities that are hard to replicate because of accumulated learning, proprietary processes, or unique resource access.
- Identify and exploit linkages between activities. Investing more in quality control (operations) may reduce service costs. Better demand forecasting (technology) may lower inventory costs (inbound logistics). These cross-activity optimizations are where the most durable competitive advantages often hide — competitors can copy individual activities but rarely replicate a tightly integrated system of linkages.

Value Chain Analysis

Framework Element	Definition	Analytic Approach
Primary Activities	The five categories of activities directly involved in creating, delivering, and supporting the product or service. Inbound logistics: receiving, storing, and distributing inputs. Operations: transforming inputs into the final product. Outbound logistics: collecting, storing, and distributing to buyers. Marketing & sales: inducing buyers to purchase and enabling them to do so. Service: maintaining or enhancing product value after sale. These activities form the sequential flow of value creation and are where most visible competitive advantages and disadvantages originate.	Map your firm's specific primary activities — customize Porter's generic categories to match your business reality. For each activity, document: total cost and cost as a percentage of revenue, headcount and key assets deployed, the output or deliverable of the activity, and how it connects to adjacent activities. Benchmark each activity against best-in-class competitors. Identify which activities you perform better (potential advantages) and which you perform worse (vulnerabilities). The goal is a granular, honest activity-by-activity comparison.
Support Activities	The four categories of activities that enable primary activities but don't directly touch the product. Firm infrastructure: general management, planning, finance, legal, quality management. Human resource management: recruiting, hiring, training, development, compensation. Technology development: R&D, process improvement, product design, information systems. Procurement: purchasing function across all activities (not the inputs themselves, but the process of acquiring them). Support activities underpin the entire value chain and can be powerful sources of competitive advantage when they create capabilities competitors can't easily replicate.	For each support activity, assess both its cost and its contribution to the effectiveness of primary activities. Technology development may be expensive but may be the core source of product differentiation. HR management may seem like overhead but may be the reason you attract talent competitors can't. The most common analytical error is treating support activities as pure cost centers to be minimized. Instead, evaluate each as a potential source of competitive advantage: which support activities, if world-class, would most strengthen your primary activities?
Cost Drivers & Cost Advantage	The structural factors that determine the cost of each activity. Porter identifies ten major cost drivers: economies of scale, learning and spillovers, capacity utilization, linkages among activities, interrelationships across business units, degree of vertical integration, timing of market entry, discretionary policies, location, and institutional factors. Cost advantage comes from either performing activities at lower cost or reconfiguring the value chain to eliminate or combine activities. Sustainable cost advantage requires structural cost drivers that competitors cannot easily replicate.	For each significant activity, identify the 2-3 cost drivers that most determine its cost level. Analyze whether you have structural advantages or disadvantages on each driver. Scale-based advantages are common but not always durable. Learning-based advantages compound over time. Policy-based advantages (choosing to design for manufacturability, for example) can be replicated but often aren't because they require organizational change. Focus cost reduction efforts on activities with the highest cost share and the greatest gap versus competitors. Prioritize structural cost drivers over incremental efficiency.
Differentiation Drivers & Differentiation Advantage	The factors that make a firm's activities uniquely valuable to customers. Differentiation can originate in any value chain activity — product features (operations), reliable delivery (outbound logistics), brand perception (marketing), responsive support (service), or superior sourcing (procurement). Sustainable differentiation comes from activities where uniqueness is driven by structural factors that competitors find difficult to replicate: proprietary technology, accumulated learning, unique partnerships, or deeply embedded organizational capabilities. The best differentiation strategies are grounded in multiple reinforcing activities rather than a single unique feature.	For each activity, assess its contribution to buyer value. What would happen to the customer experience if this activity were performed at the industry average rather than at your level? Activities where the gap between your performance and average performance matters most to buyers are your differentiation anchors. Map the buyer's purchase criteria to the specific activities that fulfill each criterion. Identify differentiation that customers will pay a premium for — not all uniqueness commands a price premium. Focus investment on activities where differentiation is valued, defensible, and not yet fully exploited.
Activity Linkages & System Advantage	The interdependencies between activities where the way one activity is performed affects the cost or effectiveness of another. Linkages create optimization and coordination opportunities that are often the most sustainable sources of competitive advantage. Examples: tighter quality control in operations reduces service costs. Better demand forecasting reduces inventory costs in logistics. Investing in supplier relationships (procurement) improves input quality (inbound logistics). Linkages are powerful because they're hard for competitors to identify and even harder to replicate — copying a system of linked activities is far more difficult than copying any single activity.	Map the significant linkages between activities in your value chain. For each linkage, quantify the cross-activity impact: how much does a 10% improvement in Activity A affect the cost or effectiveness of Activity B? Identify linkages where optimization has been neglected — often because activities are managed by different departments with separate incentives. The most common missed linkages are between procurement and operations, between technology development and service, and between marketing and operations. Design metrics and incentives that reward cross-activity optimization rather than activity-level efficiency.

Market Microstructure Analysis

Framework Diagram



Analyze the mechanisms — pricing rules, order flow, information asymmetry, and intermediary behavior — that determine how transactions actually clear and where value leaks in the process.

Source: Finance / payments domain

Framework Purpose

- Market Microstructure Analysis examines how the specific mechanisms of trading, pricing, and transaction execution shape market outcomes — studying the institutional structure, information flows, participant behaviors, and friction points that determine how prices are formed, how liquidity is provided, and how value is exchanged in any marketplace. This framework moves beyond the abstraction of 'efficient markets' to analyze the concrete mechanics through which markets actually operate, revealing structural advantages and disadvantages embedded in market design itself.
- The framework is critical for any business that operates within or builds marketplace infrastructure — payments networks, trading platforms, lending marketplaces, or any multi-sided platform where transaction execution mechanics directly affect participant economics and behavior. Understanding microstructure reveals why seemingly similar markets produce radically different outcomes: the specific rules governing order priority, price transparency, counterparty matching, settlement timing, and information disclosure create structural advantages for certain participant types and business models.

Framework Development Approach

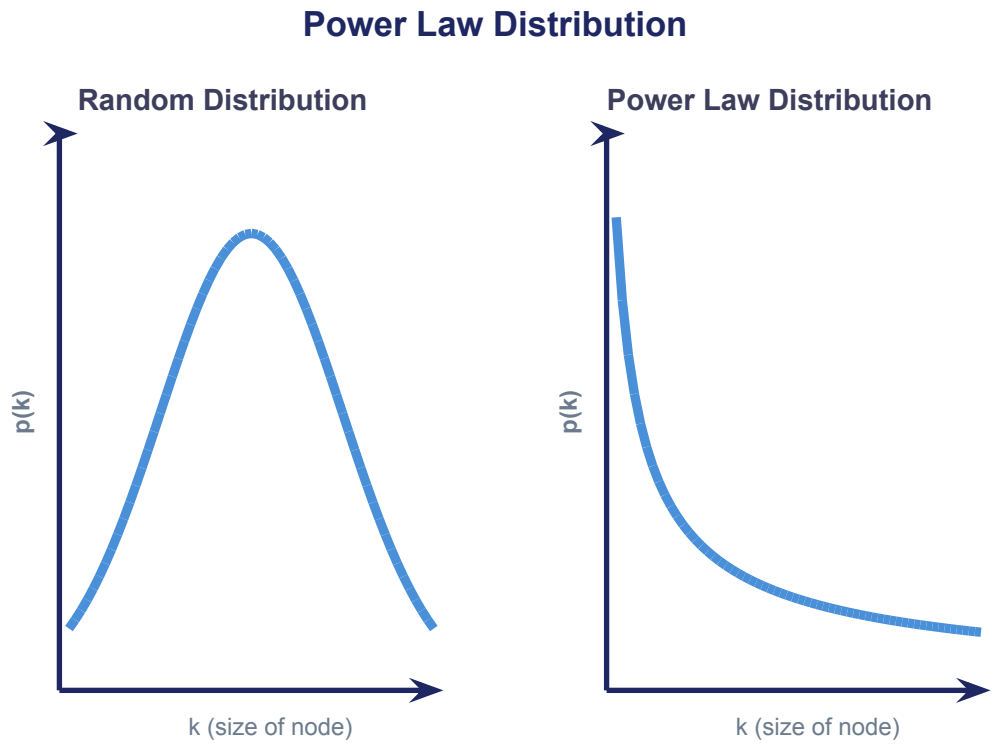
- Map the complete market mechanism by documenting: how orders/requests enter the market (order types, submission channels, access requirements), how matching occurs (price priority, time priority, pro-rata allocation, dealer intermediation), how prices are formed (continuous auction, periodic auction, dealer quote, algorithmic), how information flows (pre-trade transparency, post-trade reporting, latency differentials), and how settlement occurs (timing, counterparty risk management, clearing mechanisms). Each mechanism element creates structural advantages for certain participant types.
- Analyze the information architecture of the market: who knows what, when, and how that information asymmetry affects pricing and execution quality. Map information advantages by participant type — market makers see order flow, platforms see aggregate demand, informed traders have fundamental analysis, and algorithmic participants have speed advantages. Quantify the value of each information advantage by measuring the execution quality differential between informed and uninformed participants.
- Assess market quality through standard microstructure metrics: bid-ask spreads (transaction cost), depth (ability to execute large orders without price impact), resilience (speed of price recovery after large trades), volatility (price stability and predictability), and execution quality (difference between expected and actual execution price). Benchmark these metrics against alternative market structures to identify whether the current market design is optimal or whether microstructural innovation could improve outcomes for key participant segments.
- Identify microstructural opportunities: specific mechanism changes that would create competitive advantage for your business or improve market quality for your customers.

Market Microstructure Analysis

Framework Element	Definition	Analytic Approach
Market Mechanism Design & Architecture	The comprehensive documentation and analysis of the specific rules, protocols, and infrastructure that govern how transactions are initiated, matched, priced, executed, and settled within a marketplace — the 'plumbing' that determines market outcomes independently of participant skill or strategy. Mechanism design encompasses order types, matching algorithms, price formation rules, access requirements, and information disclosure policies. Each design choice creates winners and losers among participant types, making mechanism analysis essential for understanding competitive position.	• Document the complete transaction lifecycle: how do participants submit orders (API, UI, intermediary), what order types are supported (limit, market, conditional, algorithmic), how are orders prioritized (price-time, pro-rata, hybrid), how are prices determined (continuous double auction, periodic call, dealer quote, algorithmic), and how is settlement executed (real-time, T+1, T+2, netting). For each mechanism element, analyze who benefits and who is disadvantaged, and whether alternative designs would improve market quality.
Information Architecture & Asymmetry Analysis	The mapping of information flows within the market — who has access to what information, when they receive it, and how information advantages translate into economic advantages for specific participant types. Information asymmetry is the primary source of microstructural friction: when some participants can observe order flow, when latency advantages enable front-running, or when opacity prevents price comparison, the informed extract value from the uninformed. Understanding the information architecture reveals the hidden tax that market structure imposes on less-informed participants.	• Map the information set available to each participant type at each stage of the transaction lifecycle. Identify information advantages: who sees order flow before execution, who has faster data feeds, who has access to aggregate market statistics, and who controls post-trade reporting timing. Quantify the value of information advantages by comparing execution quality between informed and uninformed participants. Assess whether information advantages are structural (embedded in market design) or earned (derived from analytical capability), as this distinction determines regulatory and competitive responses.
Liquidity Dynamics & Market Depth	The analysis of how liquidity — the ability to execute transactions quickly at stable prices — is provided, consumed, and varies across time, participant segments, and market conditions within the market structure. Liquidity is the most important market quality metric because it directly determines transaction costs for all participants. Understanding liquidity dynamics reveals whether the market structure incentivizes or penalizes liquidity provision, whether liquidity is resilient under stress, and whether liquidity is equitably distributed across participant types and transaction sizes.	• Measure liquidity across multiple dimensions: bid-ask spread (cost of immediacy), market depth (volume available at the best price), price impact (how much does a large order move the price), and resilience (how quickly does liquidity replenish after a large transaction). Analyze liquidity provision incentives: who provides liquidity, why, and what compensation do they receive? Model liquidity dynamics under stress scenarios — does liquidity disappear precisely when it's most needed? Identify structural liquidity risks: single-provider dependency, pro-cyclical mechanisms, or feedback loops that amplify liquidity withdrawals.
Price Formation & Efficiency Assessment	The evaluation of how accurately and quickly market prices reflect available information — the core measure of market efficiency that determines whether prices serve as reliable signals for resource allocation decisions. Price formation analysis assesses whether the market mechanism incorporates new information rapidly (informational efficiency), whether prices are manipulable by individual participants (pricing integrity), and whether price discovery mechanisms produce stable, predictable prices or exhibit excess volatility, anomalies, or systematic biases.	• Measure price efficiency through statistical analysis: autocorrelation of returns (predictability), variance ratios (appropriate volatility), price-volume relationships (informed trading detection), and convergence speed after information events. Compare price formation under the current mechanism against theoretical alternatives. Identify price formation anomalies: do certain times, transaction sizes, or participant types systematically receive better or worse prices? Assess manipulation vulnerability through stress testing and historical episode analysis.
Microstructural Innovation & Competitive Opportunity	The identification of specific mechanism design changes that would create competitive advantage, improve market quality, or redistribute value in favor of target participant segments — the action-oriented output of microstructure analysis that drives innovation. Microstructural innovation is the core competitive weapon in marketplace businesses: changing how transactions are executed, priced, or settled creates structural advantages that are far more defensible than product features because they require participants and competitors to adapt their entire operational infrastructure to respond.	• For each identified microstructural friction (spread, latency, opacity, settlement delay, access restriction), design specific mechanism innovations that reduce friction for target participants. Model the value redistribution of each innovation: who gains, who loses, and what is the net market quality improvement? Assess implementation feasibility: technology requirements, regulatory approval, participant adoption incentives, and competitive response timelines. Prioritize innovations by net value creation × competitive defensibility × implementation feasibility.

Power Law / Winner-Take-Most Analysis

Framework Diagram



Identify the extreme concentration dynamics where a small number of players, products, or events capture a disproportionate share of outcomes, rendering averages meaningless for strategic planning.

Source: VC / econ theory

Framework Purpose

- Assesses whether a market exhibits power law dynamics — where a small number of players capture a disproportionate share of value — vs. normal distribution dynamics where market share is more evenly distributed
- The strategic implication is binary: in power law markets, the only viable strategies are to be #1 or #2; in normally distributed markets, profitable niche positions exist — misreading the distribution type leads to fatal strategic errors
- Power law dynamics emerge from specific structural conditions: strong network effects, high switching costs, increasing returns to scale, and winner-take-most competitive dynamics — identifying these conditions early determines strategic approach
- Essential for venture capital portfolio strategy (power law returns require concentrated bets), competitive strategy (invest to win or exit), and M&A logic (consolidation is rational in power law markets)

Framework Development Approach

- Gather market share data for the top 20+ players and plot the distribution: does the curve follow a power law (steep, exponential decay) or a normal distribution (bell curve with many mid-size players)?
- Test for power law structural conditions: network effects (do larger players have inherently better products?), economies of scale (do unit costs decline continuously with volume?), switching costs (are customers locked in?), and data advantages (does more usage improve the product?)
- If power law dynamics are confirmed: assess your position — are you plausibly able to reach #1 or #2? If yes, invest aggressively. If not, find a defensible niche or exit before the market consolidates around you
- If the market is NOT power law: niche strategies are viable, profitability doesn't require market leadership, and capital-efficient growth can work — don't fight a war of attrition trying to dominate a market that supports multiple winners

Power Law / Winner-Take-Most Analysis

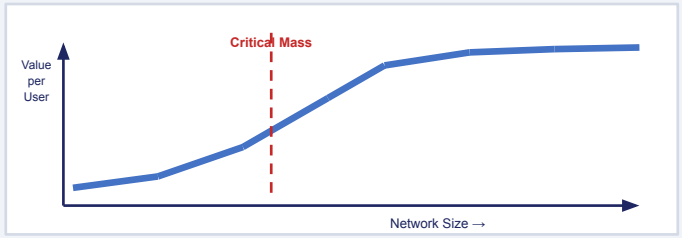
Framework Element	Definition	Analytic Approach
Power Law Distribution Identification	The statistical and structural analysis that determines whether a market exhibits power law value distribution — where a small number of participants capture a disproportionately large share of total value — versus normal distribution (bell curve) dynamics where outcomes cluster around the mean. Power law identification is the most important first step because it determines which strategic frameworks are applicable: normal-distribution strategies (incremental improvement, moderate investment) are catastrophically wrong in power law markets that demand all-in commitment to winning positions.	• Test for power law distribution using three methods: (1) Plot market share or profit distribution on a log-log scale — approximate linearity indicates power law. (2) Calculate the Gini coefficient — values >0.6 suggest strong power law dynamics. (3) Calculate the ratio of top-firm to median-firm market share — ratios >5x indicate power law concentration. Supplement statistical tests with structural analysis: are the forces that typically produce power laws (network effects, data advantages, brand compounding) present and active? Distinguish between current distribution and future trajectory.
Concentration Driver Analysis	The identification and strength assessment of the structural forces that drive market concentration toward power law distributions — network effects, data advantages, economies of scale, brand/trust accumulation, talent concentration, and regulatory moats. Each driver operates through a specific mechanism that converts incremental advantage into compounding advantage, and the combined strength of all active drivers determines the market's ultimate concentration level, the speed of concentration, and the durability of the winner's position once established.	• For each potential concentration driver, assess three characteristics: presence (is this force active in your market?), strength (how powerful is the compounding mechanism?), and durability (will this force continue to concentrate value, or will it plateau?). Calculate the composite concentration score by weighting active drivers by their assessed strength. Model the concentration trajectory: at current force levels, what will the market share distribution look like in 3, 5, and 10 years? Identify potential deconcentration forces (regulation, technology disruption, market fragmentation) that could reverse concentration.
Competitive Position Assessment in Power Law Markets	The honest evaluation of a firm's position within the power law distribution — specifically, whether it is positioned to be the dominant winner (capturing 60-80% of market profit), a viable secondary player (capturing 15-25%), or a long-tail participant (sharing the remaining 5-15% with many others). Position assessment in power law markets demands brutal realism because the strategic implications of each position are radically different, and the penalty for misassessing your position (acting like a winner when you're in the long tail, or vice versa) is severe and potentially fatal.	• Assess position using leading indicators rather than current share: network size relative to competitors, growth rate trajectory, data asset quality, talent bench strength, and capital availability for sustained investment. In power law markets, relative growth rate matters more than absolute size — the firm growing fastest typically wins regardless of current position. Calculate your 'momentum score': growth rate × network effect strength × capital runway. Compare against all competitors to rank your probability of achieving the winning position.
Winner Strategy: Extending the Power Law Gap	The strategic playbook for firms positioned to win in power law markets — focusing on accelerating the positive feedback loops that compound advantage, eliminating potential competitive threats before they reach scale, and converting temporary market leadership into permanent structural advantages. Winner strategy in power law markets is fundamentally aggressive: each increment of advantage creates exponentially more value, making offensive investment the highest-ROI strategic posture. The winner's strategic imperative is to make the power law steeper.	• Invest aggressively in strengthening all concentration drivers: expand the network to widen the network effect advantage, accumulate data to improve algorithmic advantages, achieve scale efficiencies that create cost advantages competitors cannot match, build brand trust that creates switching cost barriers, and attract top talent with the career advantage of the market leader. Actively close off competitive entry paths through strategic partnerships, pre-emptive geographic expansion, and aggressive pricing in segments where challengers might establish beachheads.
Non-Winner Strategy: Specialization, Pivot, or Exit	The strategic framework for firms that are not positioned to win in a power law market — recognizing that continued competition for a losing position destroys value, and the optimal strategies are specialization (carve out a defensible niche), pivot (redirect resources to a market where you can win), or exit (realize remaining value through sale or shutdown). Non-winner strategy requires the most difficult strategic skill: intellectual honesty about competitive position and willingness to choose a path of controlled retreat or strategic redirection over one of hopeless competition.	• Evaluate three strategic options: (1) Specialize — identify a niche segment where your specific capabilities create a defensible position that the market winner cannot or will not contest (too small, too specialized, too regulatory-complex). (2) Pivot — redirect your technology, team, and customer relationships to an adjacent market where the power law dynamics favor your position. (3) Exit — determine the optimal timing and mechanism (acqui-hire, technology sale, customer book sale) to maximize value extraction before the power law distribution makes your position untenable.

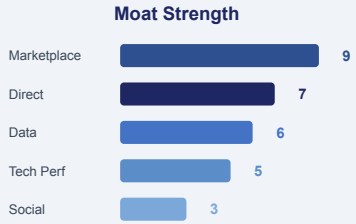
Network Effects Mapping

Framework Diagram

Network Effects Taxonomy — Type, Strength & Defensibility

Direct Network	Two-Sided Marketplace	Data Network	Tech Performance	Social / Brand
More users = more value for all users	Supply attracts demand and vice versa	More usage = better product via algorithms	Scale improves speed/reliability /compatibility	Adoption creates social proof & identity value
Strength: Strong	**Strength: Very Strong**	**Strength: Medium**	**Strength: Moderate**	**Strength: Weak-Med**
WhatsApp Venmo	*Visa Uber*	*Google Stripe Radar*	*AWS Bitcoin*	*Apple Pay Slack*





Assess how each additional user changes the value of a product or platform for all other users, and whether the resulting feedback loop drives winner-take-most dynamics or hits natural limits.

Source: NFX (Currier), others

Framework Purpose

- Network Effects Mapping provides a rigorous analytical framework for identifying, classifying, measuring, and strategically leveraging the phenomenon where the value of a product or service increases as more users adopt it. Network effects are the most powerful source of competitive advantage in the digital economy — responsible for the winner-take-most dynamics that create trillion-dollar companies and destroy competitors who fail to achieve critical mass. Understanding network effects determines whether a business can build an unassailable competitive moat or will be permanently vulnerable to displacement.
- The framework distinguishes between fundamentally different types of network effects — direct (same-side: more users make the product more valuable for all users), indirect (cross-side: more users on one side attract users on other sides), data (more usage improves the product through data-driven learning), and protocol (widespread adoption creates switching costs through standardization). Each type has different strength profiles, different defensibility characteristics, and different strategic implications for how to build, sustain, and exploit the network advantage.

Framework Development Approach

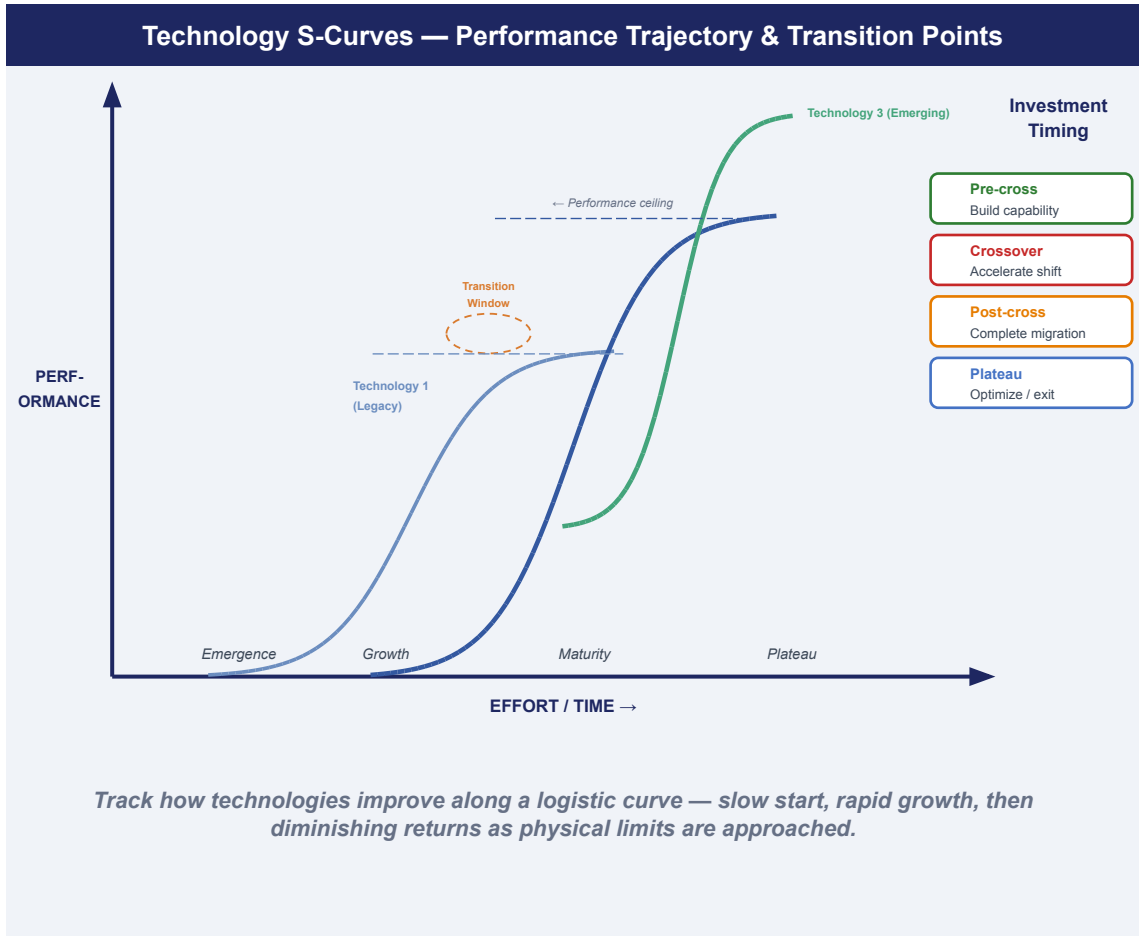
- Classify all network effects present in your business using the NFX taxonomy: direct (does each additional user directly increase value for existing users?), two-sided marketplace (do supply and demand sides reinforce each other?), data (does more usage create better algorithms, recommendations, or risk models?), tech performance (does scale improve product performance through infrastructure or standardization?), and social (does adoption create social pressure or identity value?). Most businesses have multiple overlapping network effects; mapping all of them reveals the composite defensibility profile.
- Measure network effect strength for each identified effect by estimating the elasticity: a 10% increase in network size produces what percentage increase in per-user value? Strong network effects (>5% value increase per 10% network growth) create winner-take-most dynamics; moderate effects (2-5%) create oligopolistic equilibria; weak effects (<2%) provide temporary advantages but not lasting moats. Measure both absolute strength and marginal strength — many network effects exhibit diminishing returns beyond a certain network size, capping the competitive advantage they provide.
- Map the network topology — the structure of connections between users that determines how value flows through the network. Not all network structures are equal: densely connected local networks (WhatsApp groups) create high switching costs but limited scale effects, while loosely connected global networks (Twitter/X) create weak individual ties but massive scale advantages. For marketplace businesses, analyze whether the network operates locally (Uber — drivers and riders must be in the same city) or globally (Stripe — a merchant anywhere benefits from any developer integration), as this determines the competitive geography.
- Build a network effects strategy that addresses three phases: launch (how to bootstrap the network past critical mass), growth (how to accelerate network effects through product design, viral mechanics, and strategic subsidization), and defense (how to maintain network advantages against competitors attempting to replicate or fragment the network). For each phase, identify the specific metrics that indicate network effect health and the interventions that can strengthen weakening effects.

Network Effects Mapping

Framework Element	Definition	Analytic Approach
Network Effect Type Classification	The systematic identification and categorization of all network effects present in a business using the established taxonomy: direct (same-side value increase), indirect/two-sided (cross-side value amplification), data (usage-driven product improvement), tech performance (scale-driven capability improvement), and social/brand (adoption-driven identity and trust value). Most successful platform businesses exhibit multiple overlapping network effects, and the composite network effect profile — not any single effect — determines the business's ultimate defensibility and competitive ceiling.	• For each product or service line, test for each network effect type by asking the diagnostic question: Direct — does each additional user directly increase value for existing users? Indirect — does growth on one side attract participants on another side? Data — does more usage produce better algorithms, recommendations, or risk models? Tech — does scale improve performance, reliability, or compatibility? Social — does adoption create social proof, identity value, or FOMO? Document the mechanism for each identified effect and assess its strength using the 10% growth elasticity test.
Network Effect Strength Measurement	The quantification of how powerfully each identified network effect operates — specifically, how much incremental value each additional network participant creates for existing participants, and how this marginal value changes as the network grows. Network effect strength determines competitive dynamics: strong effects (>5% value increase per 10% growth) create winner-take-most markets, moderate effects (2-5%) support oligopolies, and weak effects (<2%) provide temporary but not durable advantages. Strength measurement must capture both absolute level and marginal trend.	• Measure network effect strength through multiple proxies: engagement elasticity (does per-user engagement increase with network size?), retention elasticity (does churn decrease as network grows?), willingness-to-pay elasticity (do users value the product more as it grows?), and viral coefficient (does growth naturally accelerate?). Use cohort analysis to compare engagement metrics for users who joined at different network sizes. Plot value-per-user against network size to identify the strength curve shape and locate diminishing returns thresholds.
Network Topology & Value Flow Analysis	The structural analysis of how connections between network participants are organized — including connection density (how many other participants each user interacts with), clustering (whether the network has dense local clusters or is uniformly distributed), bridging (how well-connected different clusters are to each other), and geographic scope (whether network effects operate locally, regionally, or globally). Topology determines how value flows through the network and has profound implications for competitive strategy: locally clustered networks are vulnerable to niche disruption while globally connected networks are vulnerable to switching cascades.	• Map the actual interaction graph: who connects with whom, how frequently, and what value is exchanged? Calculate network metrics: average degree (connections per node), clustering coefficient (density of local connections), betweenness centrality (which nodes bridge different clusters), and geographic concentration (what percentage of interactions are local?). Identify whether network effects are global (any new user benefits all existing users) or local (only users in proximity benefit). Local network effects require city-by-city or segment-by-segment growth strategies rather than mass market approaches.
Critical Mass & Tipping Point Identification	The determination of the minimum network size required for network effects to become self-sustaining — the tipping point where organic growth from network effects exceeds the organic churn rate, creating a positive feedback loop that no longer requires subsidized acquisition to maintain. Before critical mass, the network is fragile and requires continuous investment to grow; after critical mass, growth becomes self-reinforcing and the primary strategic challenge shifts from building the network to governing it. Critical mass thresholds vary enormously across network types and topologies.	• Model the critical mass threshold by analyzing historical data: at what network size did organic growth rate exceed churn rate? At what size did customer acquisition cost (CAC) begin declining? At what size did engagement metrics accelerate? For pre-launch products, estimate critical mass using analogy to comparable networks adjusted for market characteristics. Build growth models that project the investment required to reach critical mass and the expected payback period once self-sustaining growth is achieved. Define intermediate milestones that signal progress toward critical mass.
Network Defense & Competitive Moat Strategy	The strategic framework for maintaining and strengthening network-based competitive advantages against competitive threats including: direct network attacks (competitors building a rival network), platform disintermediation (participants bypassing the platform), multi-homing (participants using multiple competing networks simultaneously), and network degradation (declining network quality that triggers participant exits). Network defense is increasingly important as competitive tools for attacking networks — aggressive subsidization, data portability regulation, interoperability mandates — become more sophisticated and well-funded.	• Assess network vulnerability across four threat vectors: competitive replication (how expensive is it for a competitor to build an equivalent network?), multi-homing (what percentage of participants actively use competing networks?), disintermediation (are participants developing direct connections that bypass the platform?), and quality degradation (is the network experience improving or declining as it scales?). Build defensive strategies: increase switching costs through deep integration and data accumulation, improve multi-homing deterrents through exclusive features and pricing advantages, prevent disintermediation through continuous value-add, and maintain quality through curation and governance.

Technology S-Curves

Framework Diagram



Track how technologies improve along a logistic curve — slow start, rapid growth, then diminishing returns as physical limits are approached.

Source: Innovation theory

Framework Purpose

- Technology S-Curves model the characteristic progression of any technology's performance improvement over time — starting with slow initial progress during the emergence phase, accelerating through a period of rapid advancement as the technology matures, and eventually plateauing as the technology approaches its fundamental physical or economic limits. The S-curve framework is the essential tool for predicting technology transitions: the moment when an emerging technology's S-curve crosses the incumbent technology's plateau is the inflection point where market disruption becomes inevitable.
- The framework's strategic value lies in revealing when incumbent technologies are approaching their performance ceiling — the point where additional R&D investment yields diminishing returns — and when emerging technologies are crossing the threshold of commercial viability. Organizations that correctly identify S-curve transitions can time their technology investments to avoid two costly errors: investing too heavily in a technology approaching its ceiling (throwing money at diminishing returns) or dismissing a new technology that is about to enter its rapid growth phase (missing the disruption wave).

Framework Development Approach

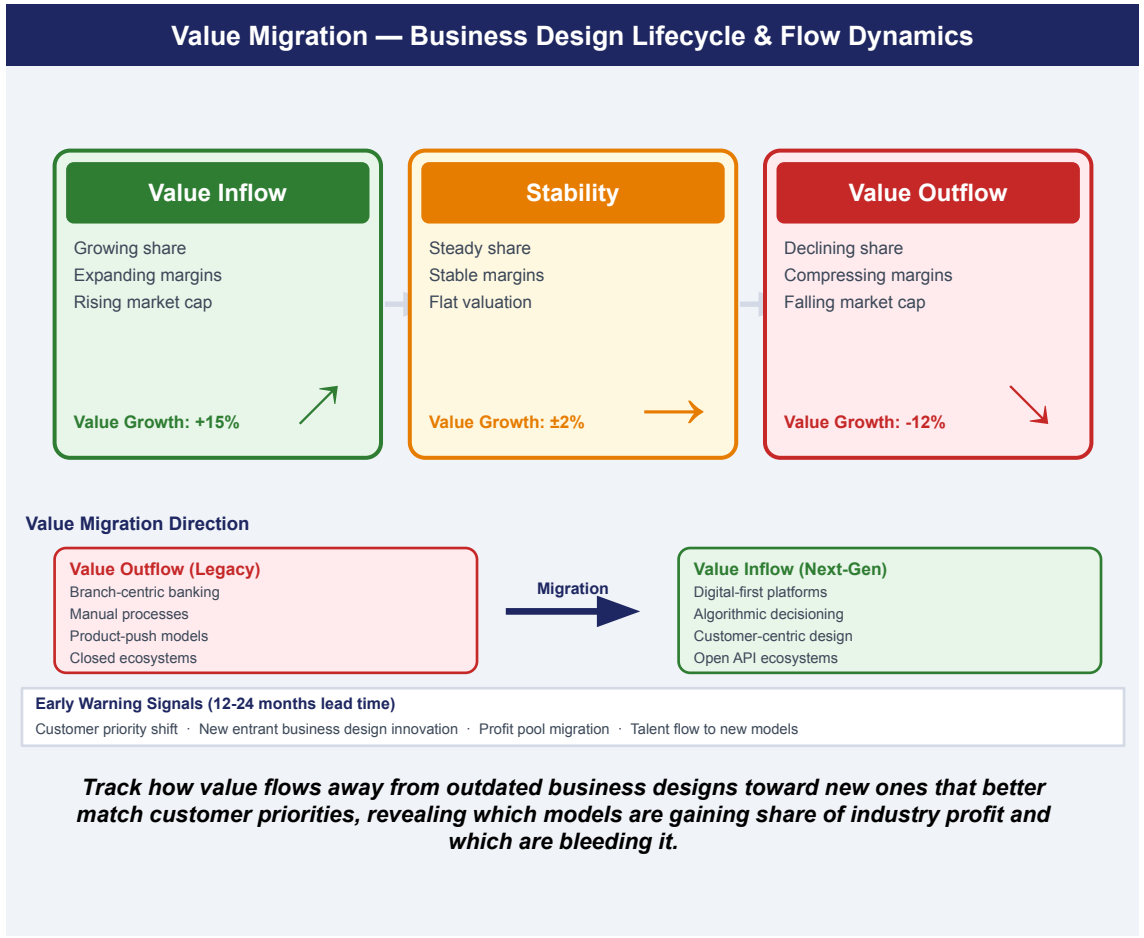
- Plot the performance trajectory of the technology under analysis using the appropriate performance metric — processing speed, cost per transaction, accuracy rate, adoption percentage, or whatever dimension most directly captures the technology's fitness for its primary use case. Collect historical performance data spanning the technology's full lifecycle to determine where on the S-curve it currently sits. The choice of performance metric matters enormously: a technology that appears to be plateauing on one metric may still be climbing rapidly on another.
- Identify the fundamental performance limit that defines the technology's eventual plateau — the physical, economic, or mathematical ceiling beyond which the technology cannot improve regardless of R&D investment. For electronic payments, the limit on transaction speed approaches real-time (the speed of network infrastructure); for fraud detection, the limit approaches the Bayes error rate (the theoretical minimum false positive/negative rate given available data). Understanding the limit tells you how much headroom remains and how close the technology is to its ceiling.
- Monitor emerging technologies that could leapfrog the incumbent by plotting their S-curves on the same chart. The critical analysis is comparing the emerging technology's trajectory slope against the incumbent's remaining improvement potential. An emerging technology with a steep S-curve that is currently at 60% of the incumbent's performance but improving at 3x the incumbent's rate will cross over within a predictable timeframe — that crossover point is the strategic trigger for transition investment.
- Build a technology transition strategy that accounts for S-curve dynamics: continue investing in the incumbent technology to maximize returns during its remaining growth phase, simultaneously invest in the emerging technology to build capability before the crossover point, and plan the transition with enough lead time to complete migration before the incumbent's plateau makes continued investment wasteful. The common strategic error is either transitioning too early (abandoning productive incumbent technology) or too late (being caught on a decaying S-curve).

Technology S-Curves

Framework Element	Definition	Analytic Approach
Performance Trajectory Mapping	The plotting of a technology's performance improvement over time using the metric most relevant to its primary value proposition — creating the empirical S-curve that reveals where the technology currently sits in its lifecycle (emergence, rapid growth, maturity, or plateau). Performance trajectory mapping transforms abstract technology assessment into quantitative analysis grounded in observable data. The choice of performance metric is a critical analytical decision that can reveal dramatically different lifecycle positions depending on which dimension of performance is measured.	• Select the performance metric that most directly captures customer value: transaction speed, cost per unit, accuracy rate, throughput capacity, reliability, or adoption percentage. Collect historical data spanning the technology's full available history. Plot performance against time (or cumulative R&D investment) to visualize the S-curve shape. Fit a logistic growth model to determine the inflection point (where growth rate peaks), current growth rate, and projected ceiling. Compare against multiple performance dimensions to build a composite lifecycle assessment.
Performance Ceiling & Limit Analysis	The identification and quantification of the fundamental upper bound on a technology's performance — the physical, mathematical, economic, or practical limit beyond which no amount of investment can push the technology further. Ceiling analysis is the strategic early warning system for technology transitions: when a technology operates within 80% of its fundamental limit, additional investment yields rapidly diminishing returns, signaling that resources should shift toward emerging alternatives. The ceiling determines how much improvement headroom remains and how urgently transition planning should begin.	• Identify the binding physical or economic constraints that define the technology's performance ceiling: thermodynamic limits (heat dissipation in processors), Shannon limits (channel capacity in communications), Bayes error rates (classification accuracy given available data), or economic limits (minimum viable cost per unit). Calculate the gap between current performance and the theoretical ceiling. Estimate the investment required to close each additional 10% of the remaining gap — the exponentially increasing cost of marginal improvement is the quantitative signal of approaching plateau.
Emerging Technology Trajectory Comparison	The simultaneous tracking of emerging technologies that could potentially displace the incumbent — plotting their S-curves on the same performance chart to identify the timeline and conditions under which crossover will occur. Trajectory comparison must account for the fact that emerging technologies often start on different performance dimensions than the incumbent and may initially appear irrelevant by incumbent metrics while being dramatically superior on dimensions that matter to underserved customer segments.	• Identify all candidate emerging technologies through technology scanning (analyst reports, patent filings, research publications, startup activity). Plot each emerging technology's performance trajectory on the same chart as the incumbent, using the metric most relevant to the primary customer use case. Calculate each emerging technology's trajectory slope and extrapolate the crossover timeline — when will the emerging technology match the incumbent's current performance? If using a different performance dimension, assess when the emerging dimension becomes the primary buying criterion.
Crossover Point Prediction & Timing	The forecasting of the specific point in time when an emerging technology's performance trajectory crosses the incumbent technology's current performance level — the inflection point that triggers market disruption and competitive restructuring. Crossover prediction is the highest-value output of S-curve analysis because it determines the optimal timing for technology transition investments: too early wastes capital on immature technology, too late leaves the firm stranded on a plateauing curve while competitors have already transitioned.	• Build crossover prediction models using three methods: (1) Trajectory extrapolation — extend both curves forward using fitted growth models and identify the intersection point. (2) Historical analogy — compare the current transition to past technology transitions in similar domains and calibrate timing expectations. (3) Expert Delphi — survey technology experts on expected crossover timing and aggregate their estimates. Triangulate across methods and present a crossover range with confidence intervals rather than a point prediction.
Technology Transition Strategy & Portfolio Management	The strategic framework for managing the firm's technology portfolio across multiple S-curves — determining when to increase investment in the incumbent (while it still generates returns), when to initiate emerging technology pilots (building capability before the crossover), when to begin the transition (migrating workloads and customers), and when to complete the exit from the incumbent technology (before maintenance costs exceed remaining value). The transition strategy must balance the risk of premature transition against the risk of delayed transition.	• Build a phased transition plan with technology investment allocation rules tied to S-curve position: invest 80%/20% incumbent/emerging during pre-crossover period, shift to 50/50 at crossover, and transition to 20/80 post-crossover. Define trigger conditions for each phase shift: specific performance metrics, cost crossover points, or customer adoption thresholds. Model the financial impact of transition timing scenarios: what is the NPV of transitioning 1 year early vs. 1 year late? Build organizational change management into the transition plan — technology transitions fail more often from organizational resistance than from technical challenges.

Value Migration

Framework Diagram



Track how value flows away from outdated business designs toward new ones that better match customer priorities, revealing which models are gaining share of industry profit and which are bleeding it.

Source: Adrian Slywotzky

Framework Purpose

- Value Migration, developed by Adrian Slywotzky, describes the systematic movement of economic value — revenue, profit, and market capitalization — from outdated business designs to new designs that better serve customer priorities. The framework reveals that competitive advantage is inherently temporary: every business design has a finite period of value creation before customer priorities shift, competitive dynamics evolve, and value migrates to organizations with business designs better aligned to the new reality. The strategic imperative is not to defend the current position but to migrate with the value.
- The framework distinguishes three phases of business design value flow: value inflow (growing market share, expanding margins, rising market cap), stability (steady state where value creation roughly matches value erosion), and value outflow (declining share, compressing margins, evaporating market cap). Most organizations recognize outflow only after it has advanced significantly, by which time the cost of transition is dramatically higher and the probability of successful migration dramatically lower. Early detection of value migration signals is the highest-leverage strategic capability.

Framework Development Approach

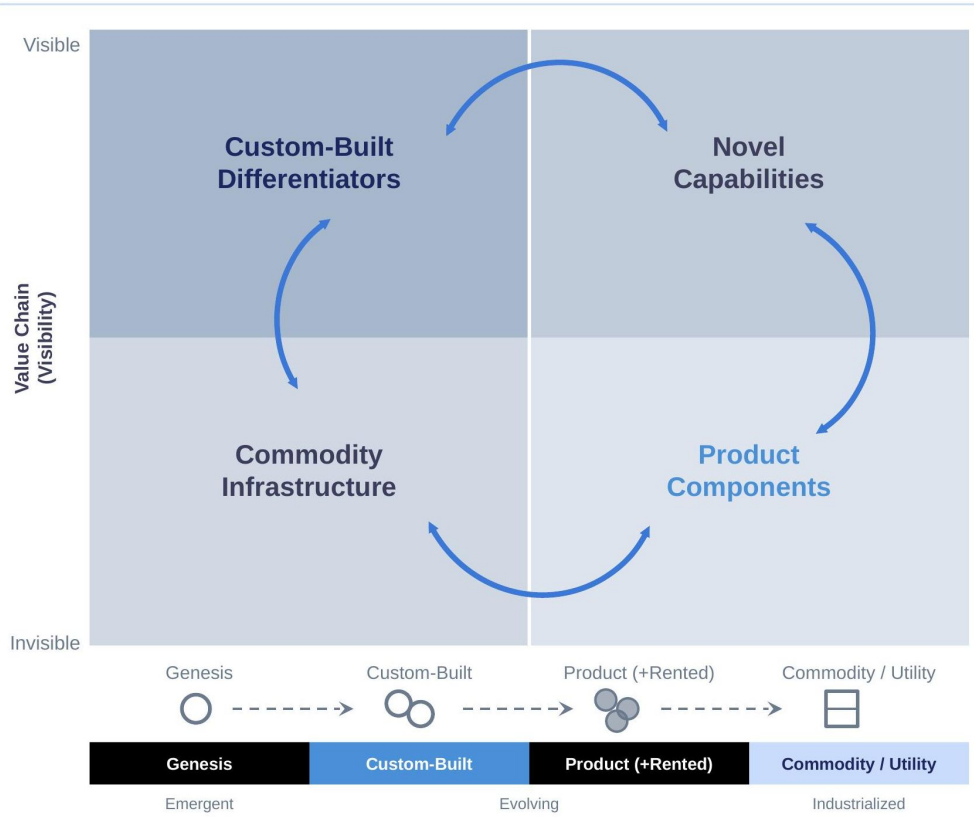
- Identify the current business design by mapping the key elements that define how the organization creates and captures value: customer selection (which customers are prioritized), value proposition (what value is delivered and how), profit model (how revenue is captured and margins are structured), strategic control (what prevents competitors from replicating the business design), and organizational scope (which activities are performed internally vs. externally). Each element has a current state that may or may not be aligned with where customer priorities are heading.
- Detect value migration signals through three leading indicators: customer priority shifts (are customers increasingly valuing dimensions your business design doesn't optimize for?), competitive business design innovation (are new entrants or adjacent players deploying business designs that serve customer priorities better?), and profit pool migration (is profitability shifting from activities your business design emphasizes to activities it doesn't?). Each indicator provides 12-24 months of advance warning before value migration becomes visible in financial results.
- Map the value migration trajectory by plotting where economic value (measured by revenue growth rate and profit margin) is flowing across the competitive landscape. Which business designs are in value inflow (gaining share, expanding margins)? Which are in stability (holding position)? Which are in value outflow (losing share, compressing margins)? The migration map reveals the direction and speed of value movement, enabling identification of the 'next business design' that will capture the migrating value.
- Build a proactive migration strategy rather than a defensive preservation strategy. Defensive strategies (cost cutting, loyalty programs, pricing pressure) temporarily slow value outflow but cannot reverse it once customer priorities have fundamentally shifted. Proactive migration requires: designing the next business model before the current one declines, investing in new capabilities while the current business still generates cash, and managing the transition from old to new business design without collapsing the organization's revenue base during the transition period.

Value Migration

Framework Element	Definition	Analytic Approach
Business Design Analysis & Value Phase Assessment	The comprehensive mapping of the organization's current business design — customer selection, value proposition, profit model, strategic control mechanisms, and organizational scope — combined with assessment of which value phase the business design currently occupies: inflow (capturing increasing value), stability (maintaining position), or outflow (hemorrhaging value to better-adapted designs). Accurate phase assessment is the critical diagnostic that determines the urgency and nature of strategic response required.	• Map each business design element against customer priority data: is the value proposition aligned with what customers increasingly want? Is the profit model sustainable given competitive dynamics? Are strategic control mechanisms strengthening or weakening? Assess value phase using three quantitative indicators: market share trajectory (3-year trend), operating margin trajectory (3-year trend), and market cap / book value ratio trend. All three declining signals confirmed value outflow. Build a business design maturity model that estimates remaining runway before each element requires fundamental redesign.
Customer Priority Shift Detection	The systematic monitoring and analysis of changes in what customers value — shifts in buying criteria, emerging unmet needs, changing satisfaction drivers, and evolving competitive expectations that signal where value is migrating before it shows up in financial results. Customer priority detection is the earliest leading indicator of value migration because value always follows customer priorities: when customers start valuing speed over comprehensiveness, convenience over customization, or digital over physical, value inevitably migrates to business designs optimized for the new priorities.	• Build a customer priority tracking system using multiple data sources: quarterly satisfaction surveys with importance-performance gap analysis, win/loss analysis of competitive deals, customer churn exit interviews, social media sentiment trend analysis, and behavioral data showing changing feature usage patterns. For each detected priority shift, assess magnitude (how many customers are shifting), velocity (how quickly is the shift occurring), and strategic implication (does the shift favor our business design or a competitor's).
Competitive Business Design Innovation Scanning	The monitoring of how competitors, new entrants, and adjacent-industry players are redesigning their business models to capture migrating value — identifying which new business designs are gaining traction and understanding the specific mechanisms through which they better serve evolving customer priorities. Business design innovation scanning goes beyond traditional competitive intelligence (which tracks product features and pricing) to analyze the structural choices competitors are making about customer selection, value delivery, profit capture, and strategic control.	• Map each significant competitor's business design and track changes over time. For new entrants, analyze: which customer segments are they targeting, what value proposition are they offering, what profit model are they using, and what strategic control mechanisms are they building? Assess which business design innovations are gaining market traction (revenue growth, customer acquisition rates) vs. which are struggling. Identify pattern convergence — when multiple competitors independently innovate in the same direction, it signals a clear value migration vector.
Profit Pool Migration Tracking	The longitudinal analysis of how industry profit distribution is shifting across activities, segments, and business models — revealing the economic flow of value from legacy business designs to emerging ones. Profit pool migration is the most definitive value migration indicator because it directly measures where economic value is accumulating and where it is dissipating, cutting through narrative and speculation to reveal the concrete financial reality of the migration's direction and magnitude.	• Build a multi-year profit pool map tracking operating margins and revenue growth by value chain activity and competitive segment. Identify activities where margins are expanding (value inflow destinations) and activities where margins are compressing (value outflow sources). Quantify the annual rate of profit migration: what percentage of total industry profit is shifting from legacy to next-gen business designs each year? Project the migration forward to determine the tipping point — when do next-gen designs capture >50% of industry profit — and use that timeline to calibrate transition urgency.
Proactive Migration Strategy & Transition Management	The strategic framework for positioning the organization to migrate with value rather than defending an obsolescent business design — including the design of the next-generation business model, the investment roadmap for building required capabilities, and the transition management plan for shifting from the current to the target business design without collapsing the organization's revenue base during the migration. Proactive migration is the most difficult strategic execution challenge because it requires investing in the future while still extracting value from the present.	• Design the target business model by reverse-engineering from where customer priorities are heading, not where they are today. Build the capability investment roadmap identifying: which new capabilities must be developed, which can be acquired through M&A, which can be accessed through partnerships. Manage the transition through a 'two-speed' organizational model: optimize the current business design for cash extraction while simultaneously building the next-gen business design for growth. Define transition triggers: specific metrics that signal when to accelerate migration from current to next-gen design.

Wardley Mapping

Framework Diagram



Plot the components of a value chain by visibility to the user and evolutionary stage to reveal which activities are commoditizing, which are differentiating, and where strategic movement is possible.

Source: Simon Wardley

Framework Purpose

- Maps all components needed to serve a user need onto two axes — value chain position (visibility to user) and evolutionary stage (genesis → custom → product → commodity) — creating a spatial representation of strategic landscape that traditional frameworks lack
- The unique insight is that components evolve predictably from left to right (genesis → commodity), and competitive strategy should differ based on where each component sits: innovate on the left, optimize and outsource on the right
- Reveals strategic plays that other frameworks miss: identify components about to commoditize (build before competitors do), spot components being industrialized by cloud/SaaS providers (buy instead of build), and find genesis components that create future differentiation
- Particularly powerful for technology strategy: which capabilities should you build in-house (genesis/custom = competitive advantage) vs. buy from vendors (product/commodity = cost efficiency)?

Framework Development Approach

- Start with a user need at the top, then map every component required to fulfill that need as a chain from visible (top) to invisible (bottom) — include technology, data, processes, and capabilities
- Position each component on the evolution axis based on its current maturity: Genesis (novel, poorly understood), Custom (emerging best practices), Product (standardized, multiple vendors), Commodity (utility, invisible infrastructure)
- Identify movement: which components are evolving rightward (toward commodity)? This evolution is relentless and predictable — fighting it wastes resources; leveraging it creates advantage
- Derive strategy from the map: invest in leftward (genesis/custom) components for differentiation, consume rightward (product/commodity) components for efficiency, and watch for inertia where your organization resists commoditization of things it built in-house

Wardley Mapping

Framework Element	Definition	Analytic Approach
Value Chain Mapping & Anchor Identification	The construction of a complete dependency map starting from the user's primary need (the anchor) and working downward through every component required to fulfill that need. Value chain mapping in the Wardley context goes beyond Porter's linear chain to create a multi-layered dependency graph where each component's strategic significance depends on its position relative to every other component. The anchor choice is a critical strategic decision — different anchors produce different maps that reveal different strategic landscapes.	• Start with the primary user need expressed in action terms ('customer completes a payment,' 'business receives credit decision within hours'). Decompose this need into the components required to fulfill it, then decompose each component into its dependencies, continuing until you reach commodity infrastructure. For each component, validate its necessity (if removed, would the user need remain fulfilled?) and completeness (are there missing dependencies?). The resulting map should contain 15-40 components for a typical business unit — fewer suggests incomplete decomposition, more suggests excessive granularity.
Evolutionary Stage Assessment & Positioning	The placement of each component along the evolution axis from Genesis to Commodity based on observable characteristics: ubiquity (how widespread is it?), certainty (how well understood?), publication types (research papers vs. operations manuals), market dynamics (exploration vs. volume operations), and failure modes (experimentation failures vs. operational failures). Accurate evolutionary positioning is the analytical core of Wardley Mapping — errors in positioning lead to fundamentally flawed strategic conclusions about where to invest, what to build, and when to buy.	• Assess each component using Wardley's evolutionary characteristics table: Genesis components are rare, poorly understood, described in research papers, require exploration, and fail through experimentation. Commodity components are ubiquitous, well-understood, described in operations manuals, compete on price/volume, and fail through operational issues. Custom-Built and Product stages fall between. Cross-reference multiple characteristics — a component described in research papers but widely deployed may be transitioning from custom to product. Validate positioning through market evidence: pricing models, vendor landscape, standardization level.
Movement Analysis & Evolution Prediction	The assessment of direction and velocity at which each component is evolving along the horizontal axis — revealing which components are stable in their current evolutionary position and which are actively transitioning to the next stage. Movement analysis transforms the static map into a dynamic strategic tool by showing where the landscape is shifting. Components evolve at different rates driven by competitive pressure, technological maturity, and market demand, creating differential movement patterns that generate strategic opportunity for firms that anticipate correctly.	• For each component, assess evolution velocity using leading indicators: new entrant activity (high competition accelerates evolution), standardization efforts (industry bodies forming signals transition to product/commodity), open-source alternatives emerging (signals commoditization), and pricing pressure (declining prices signal increased competition). Map evolution velocity as arrow length on the Wardley Map. Identify 'evolution surprises' — components evolving faster than organizational strategy assumes — as these represent the highest-priority strategic risks requiring immediate attention.
Climatic Pattern Recognition & Doctrine Application	The identification of recurring patterns in how competitive landscapes evolve — patterns that transcend specific industries and create predictable strategic dynamics. Wardley's climatic patterns include: components evolve from genesis to commodity (everything commoditizes), the shift from product to commodity creates new ecosystems (ILC pattern), higher-order systems create new sources of value (componentization enables recombination), and capital flows to the areas of highest uncertainty (genesis attracts venture capital, commodity attracts infrastructure capital). Recognizing these patterns enables anticipatory rather than reactive strategy.	• Scan the map for active climatic patterns: Is a key component crossing the product-to-commodity boundary? (This triggers ecosystem formation — position as the platform.) Are commodity components creating opportunities for novel higher-order capabilities? (Build genesis-stage capabilities on commoditizing infrastructure.) Is inertia from past success causing overinvestment in components that are commoditizing? (Redirect investment to genesis/custom components.) Apply Wardley's doctrine principles: use appropriate methods for each evolutionary stage (agile for genesis, lean for custom, six sigma for commodity), manage inertia actively, and think in terms of continuous flow rather than static position.
Strategic Play Design & Competitive Positioning	The derivation of specific strategic moves — gameplays — from the map's landscape, using the visual representation to identify opportunities that would be invisible in traditional strategic frameworks. Strategic plays include: open-source plays (commoditize a component to undermine competitors who rely on it as a differentiator), ecosystem plays (position as the platform for a newly commoditizing component), tower plays (build proprietary capability at the genesis level on top of commoditizing infrastructure), and sensing plays (invest in exploring genesis-stage components that could become the foundation of future competitive advantage).	• Identify the highest-leverage strategic plays available on the current map: Where can you accelerate the commoditization of a component your competitors treat as a differentiator (undermining their advantage)? Where can you build proprietary genesis-stage capability on commoditizing infrastructure (creating advantage from evolution)? Where is organizational inertia creating blind spots that competitors could exploit? Design 2-3 primary plays with specific action steps, resource requirements, and success metrics. Use the map as a communication tool to build organizational alignment around the strategic plays — the visual representation makes strategic logic accessible to non-strategists.