



# 7 Questions to Consider When Entering a New Market

Business Development Best Practices Series

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Grow, increase, expand. These concepts form the foundation of a company's strategic goals. Although not all strategies require entering new markets, at some point, firms must expand beyond existing clients or geographies to achieve significant growth.

Whether you're on the executive team or serve in the business development space, answering these questions honestly can help your team determine where your company should focus its resources to achieve realistic and meaningful growth:

## 1. How does the new market stack up, in terms of growth potential and profitability?

Many companies devote time and money to entering new markets without understanding how the market compares to other opportunities. Companies can invest in countless new areas, and this high-level market assessment and comparison is one of the first questions that should be answered to ensure you are investing in the best available market.

## 2. Does the new market align with your company's existing capabilities?

Maybe you're in a market sector that is shrinking and need to find ways to transfer your skillset to a new sector. Study how other companies have been successful or unsuccessful in the past and don't repeat mistakes others have made. Talk to your network to apply lessons learned.

## 3. How fast do you need to grow?

Is there an immediate upswing in the market or specific opportunity you want to take advantage of, or do you have time to grow organically? If your company is looking for quick growth, maybe an acquisition is the answer. Answering this question will help your company prioritize and budget for new market entry.

## 4. Does your company have any competitive advantages it can offer in this new market?

Honestly assess whether you can offer value in this new market. To do this, you must understand what a client in this particular market values. For example, is your company one of the top aviation contractors in the country, but you've never worked for a certain airport? Your experience managing massive aviation projects is a clear competitive advantage, even if your company doesn't have any direct experience working for that client. In this case, prepositioning with a client must happen even earlier.

## 5. What strategic partnerships are available?

If you're considering working for a new client, partner with companies who bring previous experience in this market. Look for a partnership in which each firm brings a unique advantage that strengthens the entire team. Because it can be time consuming to evaluate every potential partner in a market, start with those you may already have a connection to, those known for partnering with new firms, and those who don't already have a strategic partner. If you can form a long-term partnership that is mutually beneficial, you can replicate that success across multiple opportunities.

## 6. Who are the competitors in this market?

It is absolutely crucial to understand the competitive landscape in a potential market. Are there established players preferred by the client, or is the client looking to work with different firms? Is the market mature or is this client just beginning an upswing in spending? Ideally, companies would want to be one of the first in a market, but these opportunities are extremely hard to find. At the very least, answering this question may help you choose one market over another.

## 7. Are there any legal, compliance, or regulatory issues that would prevent you from entering this new market?

Make sure you check the box for any regulatory or legal requirements for entering a new market. These requirements differ from client to client and some can take months to meet, so make sure someone on your team is dedicated early on to researching these. Additionally, a client may require your firm meet seemingly obscure personnel or financial benchmarks – knowing these ahead of time can help you put the necessary people and resources in place ahead of any official Request for Qualifications.

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