

PROFESSOR: Now, let's talk about step number two-- selecting a beachhead market. What is this step about? The step number two is about taking one of the many markets that we've-- we've laid out in the market segmentation and now choosing one of them that we're going to focus on. And why do we do this? Because as an entrepreneur we have limited resources. And we have to consolidate those resources to take on the great challenges that we. We have limited amounts of money. We have limited amounts of time. And we have limited amounts of human capital.

So we need to take that and we need to apply it in a very focused way. So how do we do this is the question. So market segmentation gave us-- was we started with many that we brainstormed. We brought it down to a few-- six to eight. But now how are we going to choose the one market that we're going to go after?

Well, the one market that we're going to go after is not going to be the biggest market most likely. It's going to be the market that's going to be the easiest for us to capture. And not only just the easiest enough to capture. It's going to be big enough such that we will have enough cash flow and built up enough critical mass that we will then be able to move on from there.

Think about the term beachhead market. In a military operation, what you're trying to do is you're trying to land on a beach and then secure that beach, but then that beach is strategic because then you're going to expand out from there. So it's got to be big enough so that we can land our boats on it. It's got to be sufficient that we can start to build up enough people on the ground. And then it's got to be such that we can then conquer additional territories from there.

So we don't want it to be the biggest possible market. We want it to be the lowest hanging fruit that we can get, but it's fruit that's big enough that will allow us to get to be cash flow positive, and then position us to win additional markets. That's what the definition of a beachhead market is, why we do it, and generally, how we're going to go about doing it.