



CENTER FOR HOMELAND  
DEFENSE AND SECURITY  
NAVAL POSTGRADUATE SCHOOL



# HSx MODULE: ENTREPRENEURSHIP (STEP 14 – CALCULATE THE TOTAL ADDRESSABLE MARKET FOR FOLLOW ON MARKETS)



# WHAT IS CALCULATING THE TOTAL ADDRESSABLE MARKET (TAM) SIZE FOR FOLLOW-ON MARKETS?

- The calculation of the Broader TAM should be a quick validation that there is a bigger market and should reassure team members and investors that your business has great potential in both the short and long term.
- During this step you will identify some follow on markets and determine the Total Addressable Market (TAM) for those markets. You should not spend much time at all on this step, approximately 1/10<sup>th</sup> of the time you did in determining you beachhead market.
- Likely most of the information You need for this step was already gathered when you did your initial market segmentation.
- At this point this will require a step back to validate the existence and size of other markets that you will target once you have dominated the beachhead market.
- This is a check to make sure you are heading in the right direction to build a scalable business and also reminder of the size and nature of the bigger opportunity.
- There are two types of follow on markets.
  1. Selling additional items to the same customer, often referred to as upselling.
  2. Selling the same product to adjacent markets similar to your beachhead.

# HOW DO YOU CALCULATE THE TOTAL ADDRESSABLE MARKET SIZE FOR FOLLOW-ON MARKETS?

- Think through the various adjacent markets and upselling opportunities that logically make sense with your product.
- You should be able to identify at least 5 or 6 follow on markets.
- Use the same general methodology to calculate the TAM for each follow on market that you did for your beachhead TAM in Step 4.

# REFERENCES

- Intro; How to Find Total Addressable Market (TAM) Feat Thyme Labs
  - [https://www.youtube.com/watch?v=APF9GI\\_nM9Y&list=PLQykyC1zr8f9VWiPKVQXewGRqByUpwPT4](https://www.youtube.com/watch?v=APF9GI_nM9Y&list=PLQykyC1zr8f9VWiPKVQXewGRqByUpwPT4)
- What is Total Addressable Market (TAM) Feat. Thyme Labs
  - <https://www.youtube.com/watch?v=MxT7vNJUXUU&list=PLQykyC1zr8f9VWiPKVQXewGRqByUpwPT4&index=2>
- Top Down vs. Bottom Up Analysis: Total Addressable Market (TAM) - Feat. Thyme Labs
  - <https://www.youtube.com/watch?v=xrpEwios5MM&index=3&list=PLQykyC1zr8f9VWiPKVQXewGRqByUpwPT4>
- How to Calculate Total Addressable Market (TAM) - Feat. Thyme Labs
  - <https://www.youtube.com/watch?v=pdi7zp1Sgo4&index=4&list=PLQykyC1zr8f9VWiPKVQXewGRqByUpwPT4>
- What To Do if Total Addressable Market (TAM) is Low - Feat. Thyme Labs
  - <https://www.youtube.com/watch?v=MjbmNaANWkA&index=5&list=PLQykyC1zr8f9VWiPKVQXewGRqByUpwPT4>
- Conclusion: How to Find Total Addressable Market (TAM)
  - <https://www.youtube.com/watch?v=eqCXa32AzM&list=PLQykyC1zr8f9VWiPKVQXewGRqByUpwPT4&index=6>

# Entrepreneurial Process – Calculate the Total Addressable Market (TAM) for Follow on Markets

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**Overview:** The calculation of the Broader TAM should be a quick validation that there is a bigger market and should reassure team members and investors that your business has great potential in both the short and long term. During this step, you will identify some follow on markets and determine the Total Addressable Market (TAM) for those markets. You should not spend much time at all on this step, approximately 1/10th of the time you did in determining your beachhead market. Likely most of the information you need for this step was already gathered when you did your initial market segmentation.

## Recent Publications, Videos and Journal Articles:

- Intro; How to Find Total Addressable Market (TAM) Feat Thyme Labs
  - [https://www.youtube.com/watch?v=APF9GI\\_nM9Y&list=PLQykyC1zr8f9VWiPKVQXewGRqByUpwPT4](https://www.youtube.com/watch?v=APF9GI_nM9Y&list=PLQykyC1zr8f9VWiPKVQXewGRqByUpwPT4)
- What is Total Addressable Market (TAM) Feat. Thyme Labs
  - <https://www.youtube.com/watch?v=MxT7vNJuXUU&list=PLQykyC1zr8f9VWiPKVQXewGRqByUpwPT4&index=2>
- Top Down vs. Bottom Up Analysis: Total Addressable Market (TAM) - Feat. Thyme Labs
  - <https://www.youtube.com/watch?v=xrpEwios5MM&index=3&list=PLQykyC1zr8f9VWiPKVQXewGRqByUpwPT4>
- How to Calculate Total Addressable Market (TAM) - Feat. Thyme Labs
  - <https://www.youtube.com/watch?v=pdi7zp1Sqo4&index=4&list=PLQykyC1zr8f9VWiPKVQXewGRqByUpwPT4>
- What To Do if Total Addressable Market (TAM) is Low - Feat. Thyme Labs
  - <https://www.youtube.com/watch?v=MjbmNaANWkA&index=5&list=PLQykyC1zr8f9VWiPKVQXewGRqByUpwPT4>
- Conclusion: How to Find Total Addressable Market (TAM)
  - <https://www.youtube.com/watch?v=eqCXa32AzM&list=PLQykyC1zr8f9VWiPKVQXewGRqByUpwPT4&index=6>

## Other Resources:

The Lean LaunchPad: Stanford Engineering 245. 2 Minutes to See Why:  
<https://www.youtube.com/watch?v=m733s5PNpWc&feature=youtu.be>

<http://www.SteveBlank.com> – Video collection from the founder of Lean Launch

<http://www.Startupstash.com> – This is a website with hundreds of resources covering topics most entrepreneurs find difficult especially when getting started.