

UNIT 4: BUSINESS MODEL

Your comfort zone may be safe but nothing grows there.

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WIFI

The café was solving the **wrong problem** because they never really understood what their "**customer**" was thinking, feeling, or doing.

UNDERSTANDING YOUR CUSTOMERS: EMPATHY MAP

The empathy map is a visual framework designed to help teams develop a deeper understanding of their customers by exploring their thoughts, feelings, and behaviours.

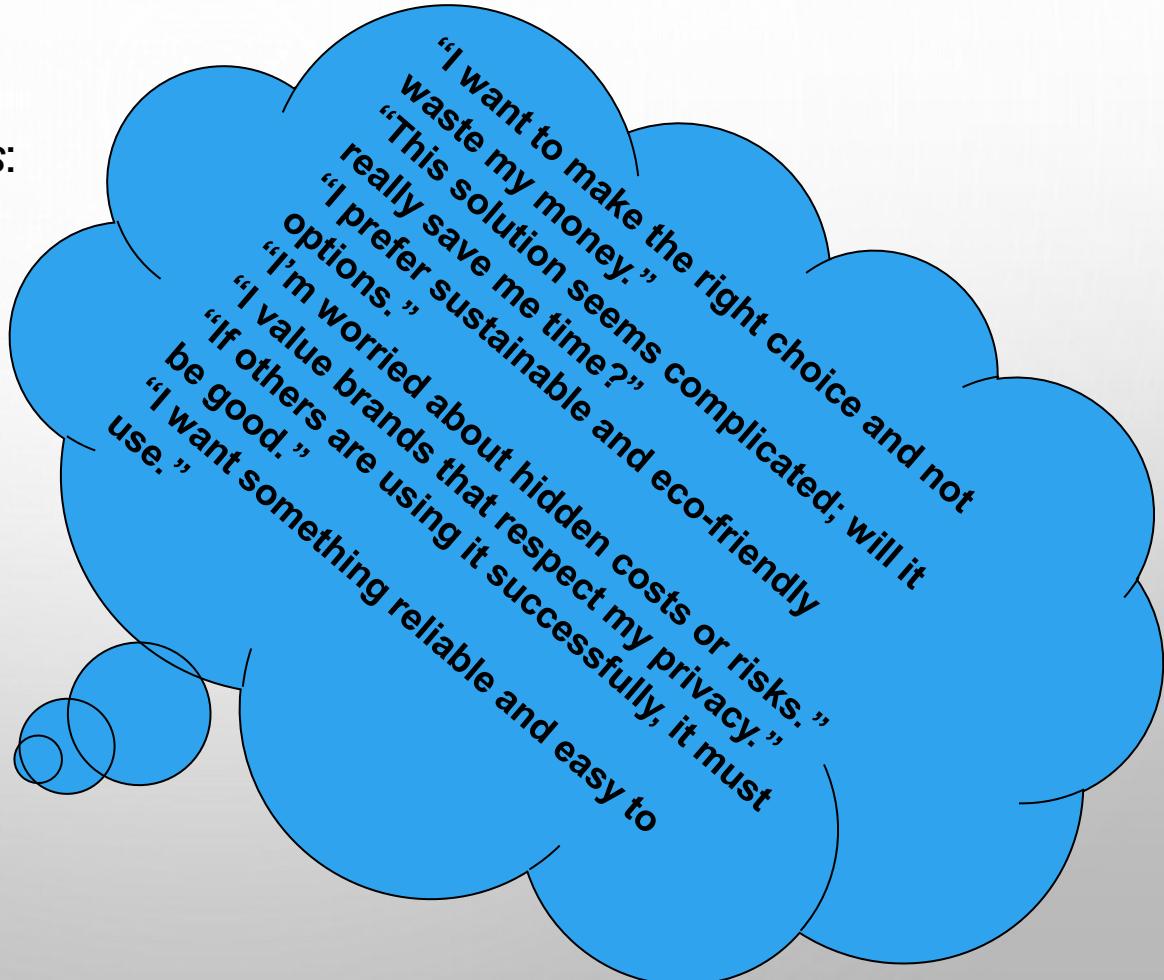
It encourages businesses to step into the customer's shoes and view their product or service from the customer's perspective.



COMPONENTS OF EMPATHY MAP

1: What the customer *thinks*:

Thoughts, beliefs, and attitudes



IF SOMETHING IS NOT **BROKEN, DO NOT FIX IT...**

COMPONENTS OF EMPATHY MAP

2: What the customer *feels*: *Emotions that influence their decisions*



FEAR



FRUSTRATION



EXCITEMENT



TRUST



RELIEF



PRIDE



ANXIETY

COMPONENTS OF EMPATHY MAP

3: What the customer says: *Words and statements made about their needs and desires*



Easy to use

Value for my money

Time Saving

Eco-friendly

Customer service

Quality

COMPONENTS OF EMPATHY MAP

What the customer does: *Actions and behaviours*

Compares prices across different brands before buying.

Reads online reviews before making a decision.

Scrolls social media for recommendations or trends.

Tries free trials before committing.



COMPONENTS OF EMPATHY MAP

Pain points: ***Challenges and frustrations***

Struggles to find reliable information before purchase.

Overwhelmed by too many choices.

Annoyed by hidden costs or unclear pricing.

Frustrated with poor customer support or long wait times.

Challenges and frustrations are an opportunity

COMPONENTS OF EMPATHY MAP

Gains: ***Aspirations and what success look like***

- Success = peace of mind, knowing they made the right choice.
- Looks for recognition or status from using a certain brand/product.
- Wants a sense of belonging to a trusted community or brand





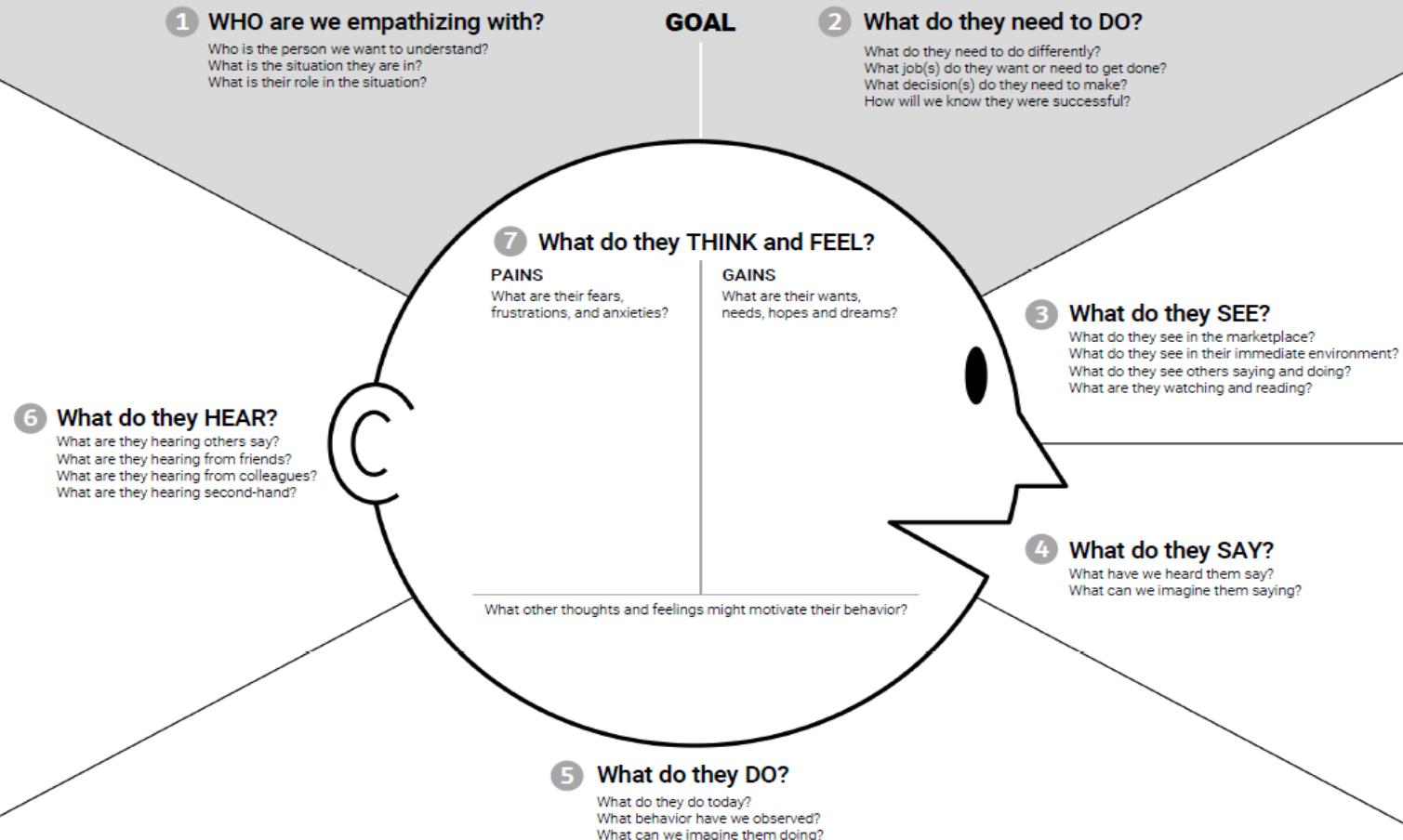
Empathy Map Canvas

Designed for:

Designed by:

Date:

Version:



HOW TO USE EMPATHY MAP

Gather data

Select
customer
segment

Populate the
map

Analyze the
map

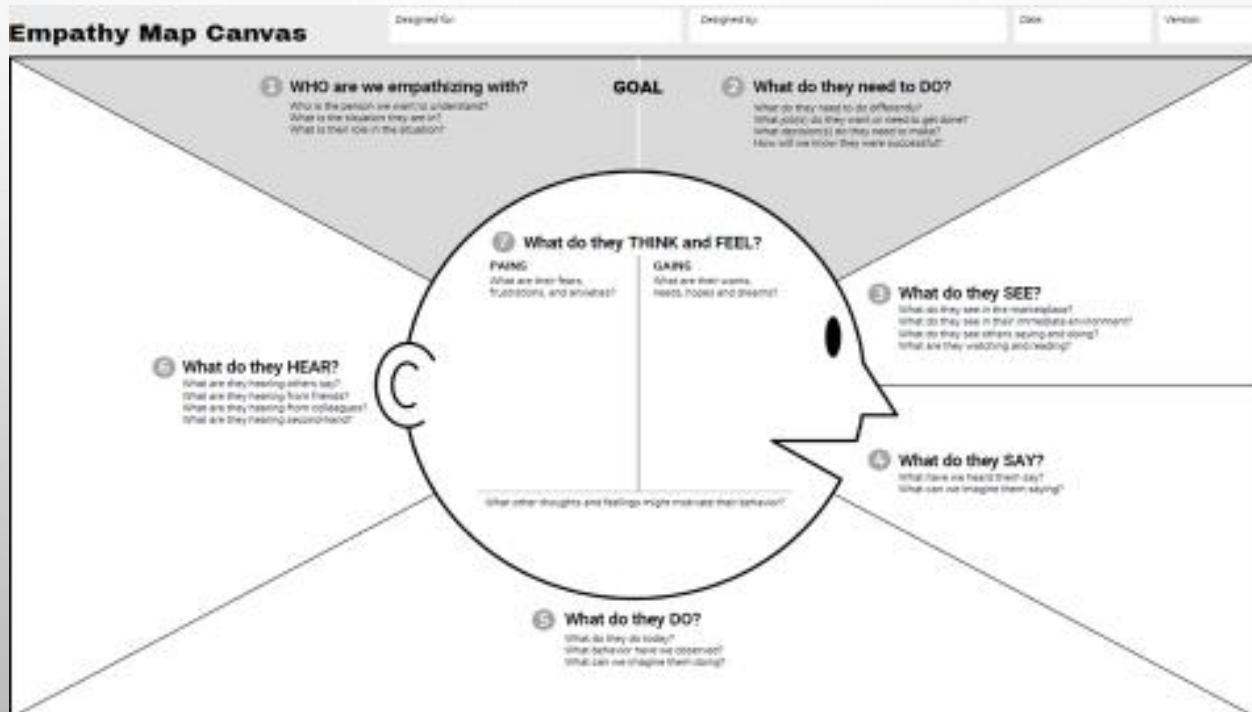
Empathy Map for Uber SA App

Says	Thinks	Does	Feels
"I need to get to my destination quickly and safely."	"I hope the driver knows the best route to avoid traffic."	Uses the app to request a ride and tracks the driver's location.	Anxious about arriving on time.
"I want to know the estimated cost of the trip before booking."	"I wonder if surge pricing is in effect."	Checks the fare estimate and considers alternative transportation options.	Concerned about the cost of the ride.
"I prefer a clean and comfortable vehicle."	"I hope the driver is friendly and professional."	Enters the vehicle and engages in polite conversation with the driver.	Relieved to be in a clean and safe environment.
"I need a reliable and convenient payment method."	"I hope the payment process is smooth and secure."	Completes the payment using the app and rates the driver.	Satisfied with the seamless payment experience.

This empathy map provides insights into the thoughts, feelings, and actions of Uber SA app users, helping to visualize their needs and concerns.

IN CLASS ACTIVITY

CONSTRUCT AN EMPATHY MAP FOR YOUR SELECTED BUSINESS IDEA



UNDERSTANDING BUSINESS MODEL

- A business model is a high-level plan for profitably operating a business in a specific marketplace.
- Successful businesses have business models that allow them to fulfill client needs at a competitive price and a sustainable cost.
- Over time, many businesses revise their business models from time to time to reflect changing business environments and market demands



TYPES OF BUSINESS MODELS

Retailer

- One of the more common business models most people interact with regularly is the retailer model.
- A retailer is the last entity along a supply chain.
- They often buy finished goods from manufacturers or distributors and interact directly with customers.



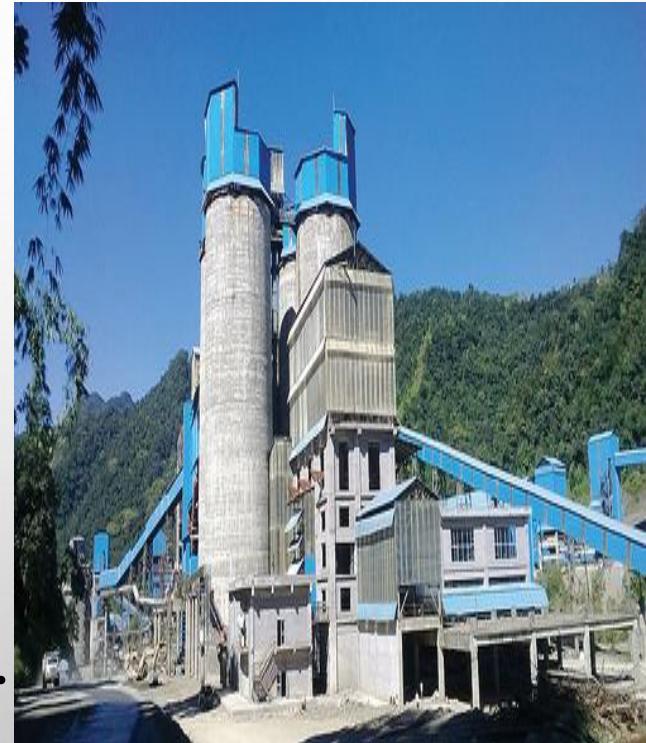




TYPES OF BUSINESS MODELS

Manufacturer

- A manufacturer is responsible for sourcing raw materials and producing finished products.
- A manufacturer may make custom goods or highly replicated, mass produced products.
- A manufacturer can also sell goods to distributors, retailers, or directly to customers.



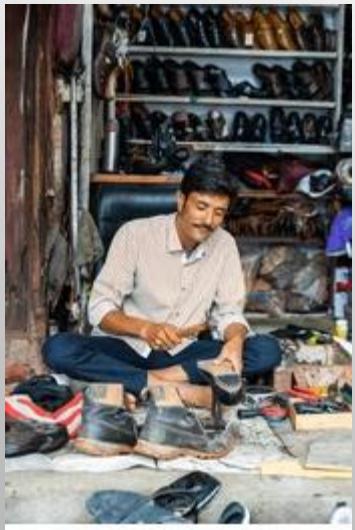
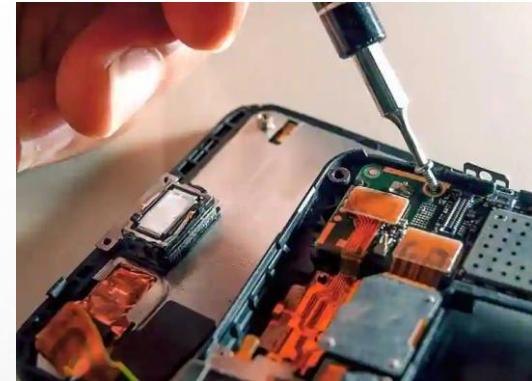


TYPES OF BUSINESS MODELS

Fee-for-service

- Instead of selling products, fee-for-service business models are centered around labor and providing services.
- A fee-for-service business model may charge by an hourly rate or a fixed cost for a specific agreement.





TYPES OF BUSINESS MODELS

Subscription

- Subscription-based business models strive to attract clients in the hopes of luring them into long-time, loyal patrons.
- This is done by offering a product that requires ongoing payment, usually in return for a fixed duration of benefit.
- Though largely offered by digital companies for access to software, subscription business models are also popular for physical goods such as monthly reoccurring agriculture/produce subscription box deliveries.





4G wingle

Product Features

- More to Share
- 10 users support
- Support LTE CAT4
- Work in the Car
- Huawei HiLink App

Plan I

Postpaid subscribers

- Wingle Price: Nu 6000/-
- Free 4G SIM (USIM)
- Free Chenpo Plan of Nu 777 (7.77GB) for 3 months.

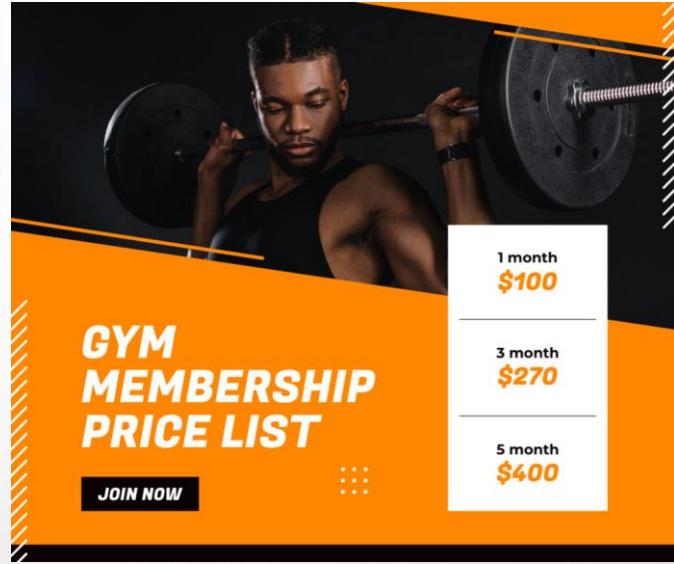
Prepaid subscribers

- Wingle Price: Nu 5500/-
- Free 4G SIM (USIM)
- Free Chenpo Plan of Nu 777 (7.77GB) for 3 months

Plan II

For both postpaid & prepaid subscribers

- Wingle Price: Nu: 4000/-
- Free Chenpo Plus Plan: Nu 1299 (15GB) for 1 month.
- Without free SIM (Customer has to buy SIM)



VALUE PROPOSITION CANVAS

The Value Proposition Canvas is a tool that helps businesses design products or services that **meet customer needs** effectively.

CUSTOMER PROFILE: UNDERSTANDING THE CUSTOMER THROUGH JOBS (TASKS THEY NEED TO ACCOMPLISH), PAINS (CHALLENGES), AND GAINS (DESIRED OUTCOMES).

VALUE MAP: MAPPING THE COMPANY'S OFFERINGS BY OUTLINING PRODUCTS & SERVICES, PAIN RELIEVERS, AND GAIN CREATORS.

FIT: EVALUATE THE ALIGNMENT BETWEEN YOUR OFFERINGS AND CUSTOMER NEEDS.

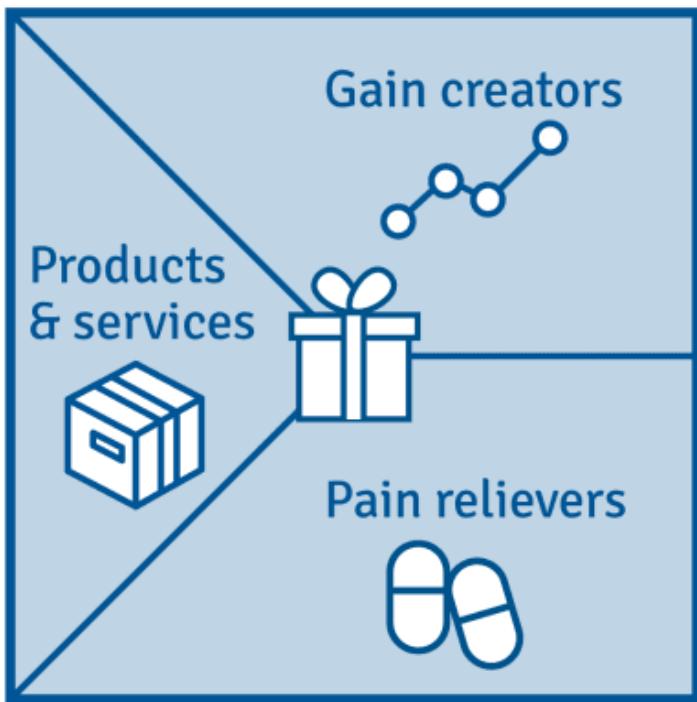


A FOOD DELIVERY SERVICE MAY IDENTIFY THAT CUSTOMERS FACE FRUSTRATION WITH LATE DELIVERIES (**PAIN**).

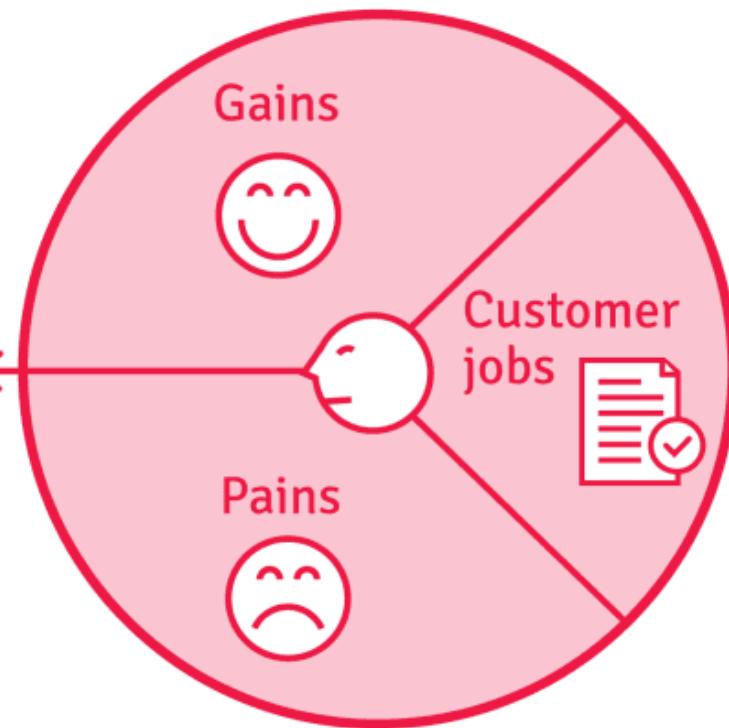
THE COMPANY COULD CREATE A FEATURE TO TRACK DELIVERIES IN REAL-TIME (**PAIN RELIEVER**)

AND IN ADDITION, OFFER GUARANTEED 30-MINUTE DELIVERY (**GAIN CREATOR**)

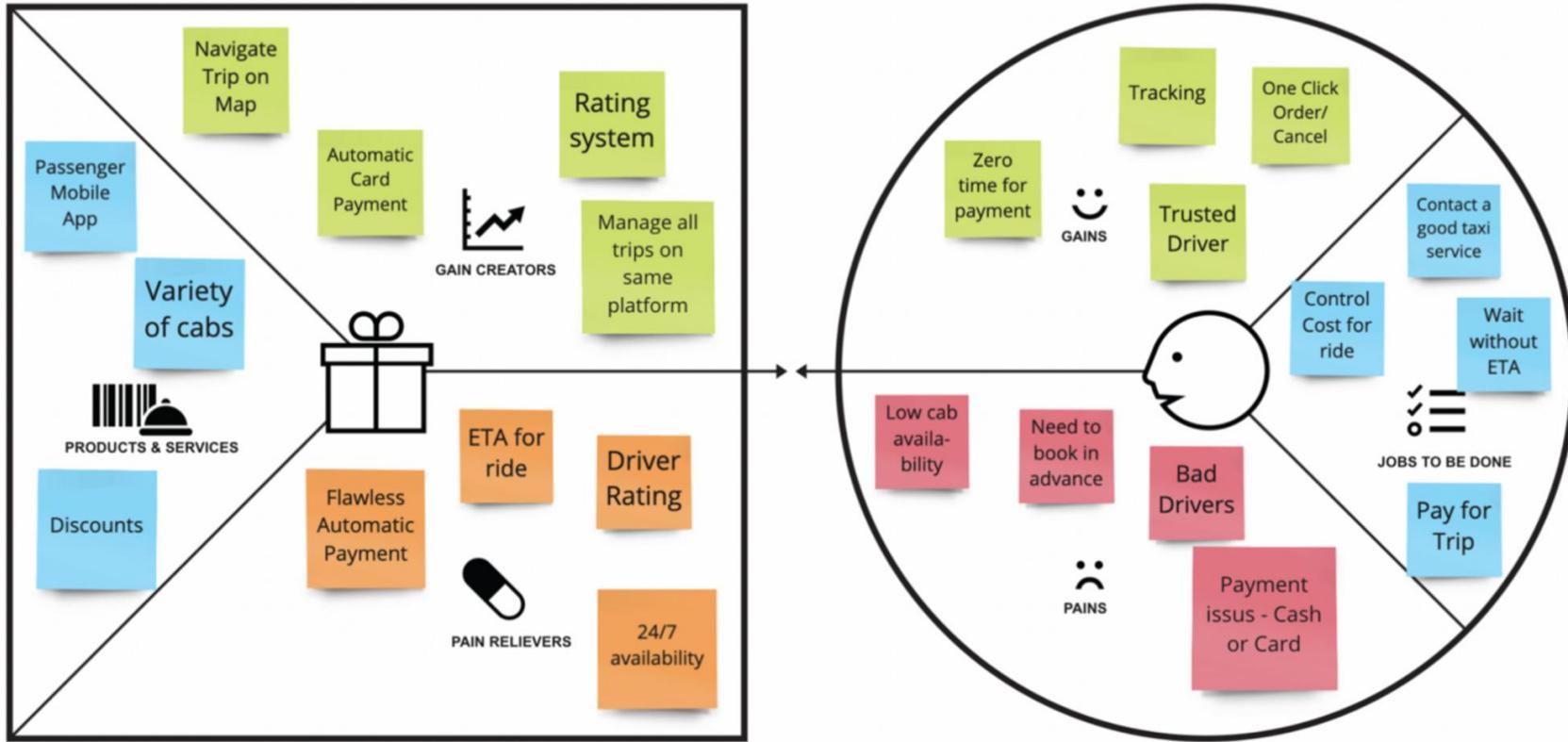
Value Proposition



Customer Profile

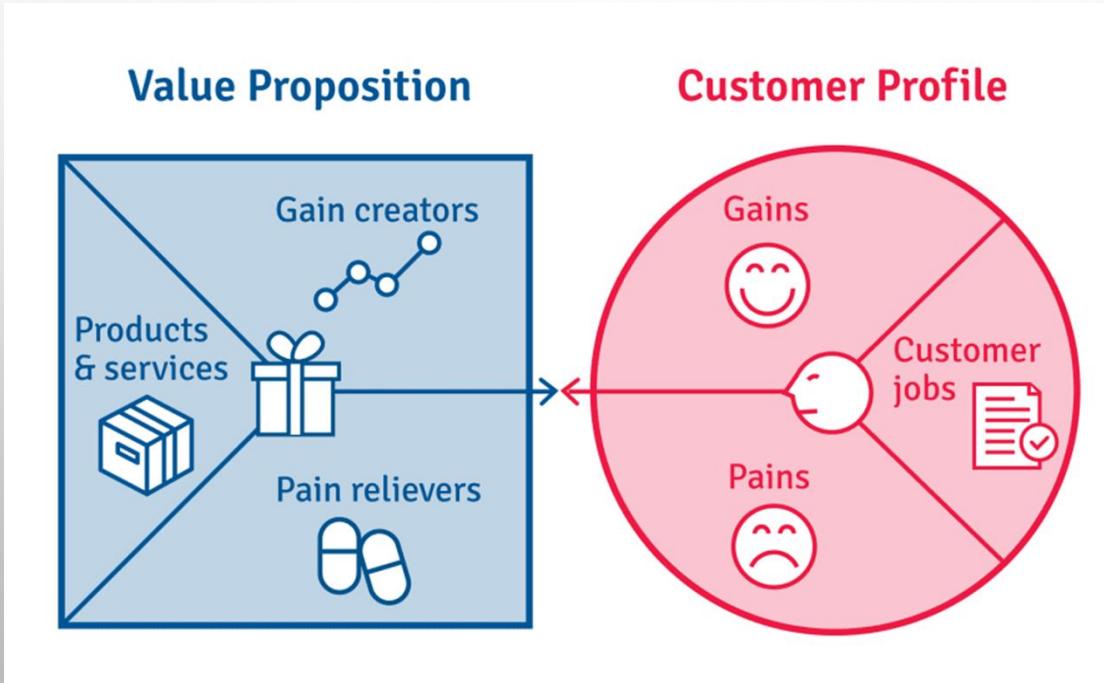


Value Proposition Canvas for Uber



GROUP ACTIVITY

DEVELOP A VALUE PROPOSITION CANVAS FOR YOUR BUSINESS IDEA. THIS WILL BE CARRIED FORWARD AS AN INPUT FOR SECOND ASSIGNMENT.



THE GOAT STARTUP



ORGANIC LAWN-MOWING SERVICE
NO FUEL NO COSTS
GREEN INNOVATION

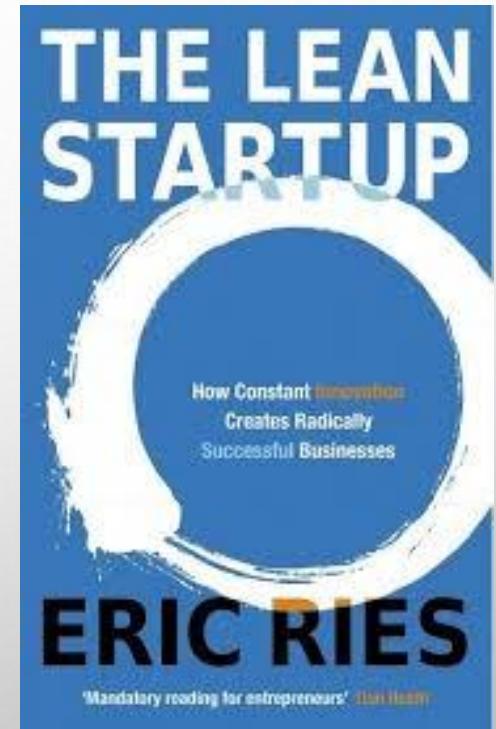
By listening to what people **enjoyed**, he pivoted into a **better**,
unique business model.

TWO TYPES OF CANVASES USED IN BUSINESS

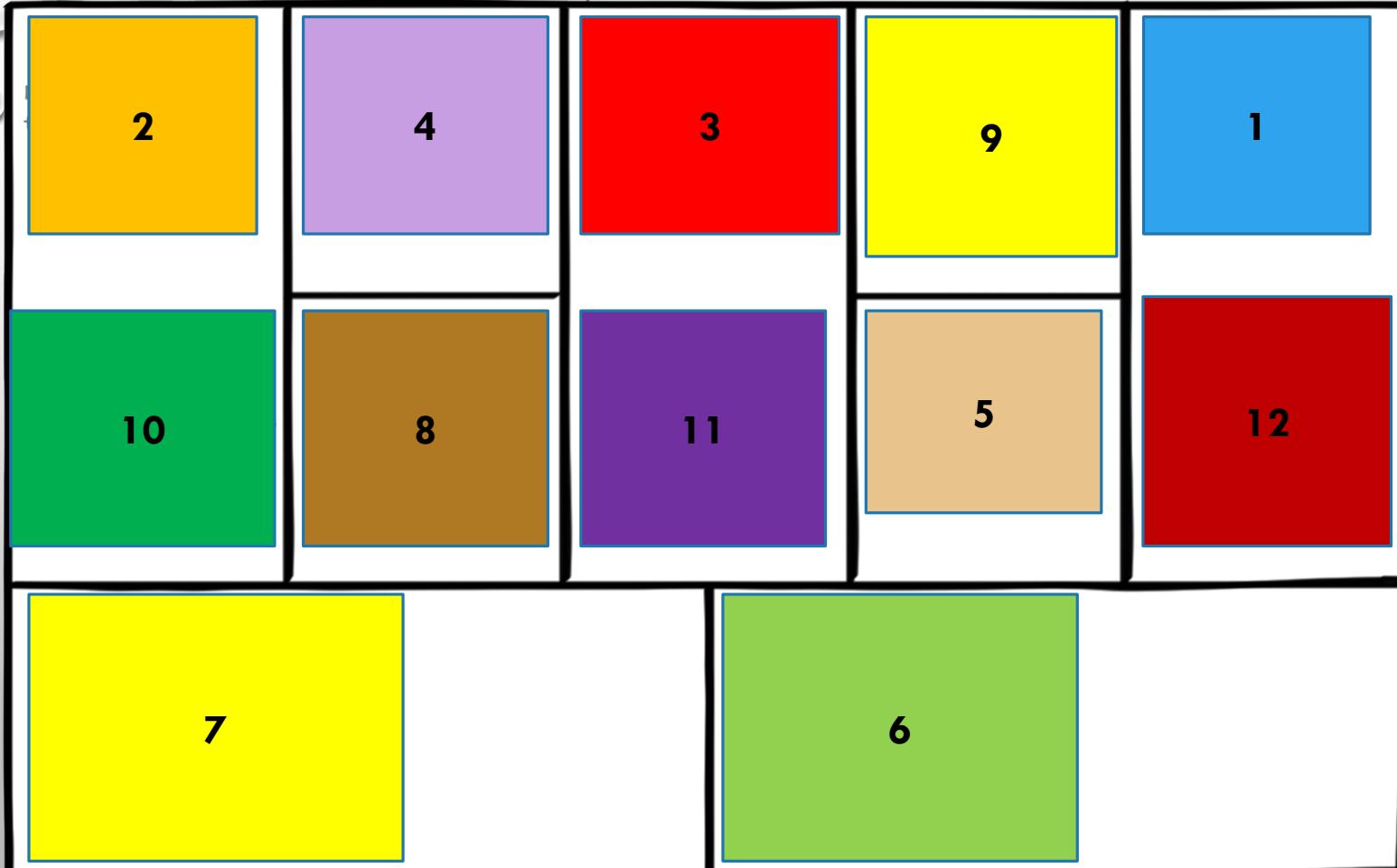
1. LEAN CANVAS
2. BUSINESS MODEL CANVAS (BMC)

THE LEAN CANVAS

- THE LEAN CANVAS IS A ONE-PAGE FRAMEWORK DESIGNED TO HELP ENTREPRENEURS AND TEAMS FOCUS ON THE MOST CRITICAL ASPECTS OF THEIR BUSINESS MODEL.
- IT SIMPLIFIES COMPLEX PLANNING AND PRIORITIZES CUSTOMER PROBLEMS AND SOLUTIONS.



THE LEAN CANVAS



THE LEAN CANVAS

PROBLEM List your customers top 3 problems	SOLUTION Outline possible solution for each problem	UNIQUE VALUE PROPOSITION Single, clear, compelling that turns an unaware visitor into an interested prospect	UNFAIR ADVANTAGE Something that can't be easily copied or bought	CUSTOMER SEGMENTS List your target customers and users
EXISTING ALTERNATIVES List how these problems are solved today	KEY METRICS List key numbers telling how your business is doing today	HIGH LEVEL CONCEPT List your X for Y analogy (e.g. YouTube = Flickr for videos)	CHANNELS List your path to customers	EARLY ADOPTERS List characteristics of your ideal customer
COST STRUCTURE List your fixed and variable costs		REVENUE STREAMS List your sources of revenue		

THE BUSINESS MODEL CANVAS

- Defines how an organization creates, delivers and captures value
- The model canvas can be deployed as a strategy tool for the development of a new organization
- Furthermore, it can also be used to analyse the situation of an existing business

ELEMENTS OF BUSINESS MODEL CANVAS

1. KEY PARTNERS



Who can help you leverage

- Who are our key partners?
- Who are our key suppliers?
- Which key resources are we acquiring from partners?
- Which key activities do partners perform?



CAN YOUR CUSTOMERS BE YOUR KEY PARTNERS?



ELEMENTS OF BUSINESS MODEL CANVAS

2. KEY ACTIVITIES



Crucial things the business needs to do to deliver on its propositions and make rest of the business work

- What uniquely strategic things does the business do to deliver its proposition?
- What key activities do our other elements of business model require?



ELEMENTS OF BUSINESS MODEL CANVAS

3. KEY RESOURCES



Key resources are the strategic assets you need in place to have a greater or more targeted degree than your competitors

- What key resources do our...

- Value propositions require?
- Distribution channels require?
- Customer relationships require?



ELEMENTS OF BUSINESS MODEL CANVAS

4. VALUE PROPOSITION



- Bundle of products or services that create value for your customers
 - What value do we deliver to the customer?
 - Which one of our customer's problems are we helping to solve?
 - Which customer needs are we satisfying?
 - What bundles of products and services are we offering to each customer segment?

ELEMENTS OF BUSINESS MODEL CANVAS

5. CUSTOMER RELATIONSHIPS



How does customers interact with you through the sales and product life-cycle?

- What type of relationship does each of our customer segments expect us to establish and maintain with them?
- Which ones have we established?
- How costly are they?
- How are they integrated with the rest of our business model?



WHY DO BHUTANESE BUSINESSES ACROSS THE BORDER FAIL TO ATTRACT CUSTOMERS?



ELEMENTS OF BUSINESS MODEL CANVAS

6. CUSTOMER SEGMENTS



- Who are the customers?
- Customer groups represent segments if:
 - Their needs require and justify a distinct offer
 - They are reached through different distribution channels
 - They require different types of relationships
 - They are willing to pay for different aspects of the offer



ELEMENTS OF BUSINESS MODEL CANVAS

7. DISTRIBUTION CHANNELS



To communicate your proposition to your segments as well as entities through which you sell products and services to customers

- Through which channels do our customer segments want to be reached?
- Which ones are most cost-efficient?
- How are we integrating them with customer routines?



ELEMENTS OF BUSINESS MODEL CANVAS

8. COST STRUCTURE



Key activities drive your propositions and hence your revenue. How do they drive costs? Are those costs well aligned with the key value propositions?

- What are the business' major cost drivers?
- How are they linked to revenue?
- What are the most important costs inherent in our business model?
- Which key resources are most expensive?
- Which key activities are most expensive?

ELEMENTS OF BUSINESS MODEL CANVAS

9. REVENUE STREAMS



- How does the business earn revenue from the value propositions?
- For what value are our customers really willing to pay?
- How would they prefer to pay?
- How much does each revenue stream contribute to overall revenues?

BUSINESS MODEL CANVAS

Key Partners  Who are your key partners? EG: Suppliers, Resource providers, Traders?	Key Activities  What are the key activities required?	Value Proposition  What value do you provide for the customers that is unique in nature?	Customer Relationships  How do you establish relationships?	Customer Segment  Who are your customers? What do they prefer? How do each segment differ?
Key Resources  What are the main resources required?	Distribution Channels  By what means does the product/service reach ?			
Cost Structure Costs that'll be incurred in each element	Revenue stream What are your revenue sources/streams?			

BUSINESS MODEL: BANKS

Key Partners	Key Activities	Value Propositions	Customer Relationships	Customer Segments
<ul style="list-style-type: none"> International banking partners Credit bureaus Forex traders Freight forwarders 	<ul style="list-style-type: none"> Inter-bank and intra-bank integration Automated workflows <p>7</p>	<ul style="list-style-type: none"> Low fees Country and currency support Bundled products Expedited processing and dispute resolutions Flexible collaterals for extended credit 	<ul style="list-style-type: none"> Self-service Agent assisted <p>4</p>	<ul style="list-style-type: none"> Small scale manufacturers (exporters) Wholesale resellers Big box retailers (importers)
Cost Structure	Key Resources	Revenue Streams	Channels	
<ul style="list-style-type: none"> Technology Marketing General & admin 	<ul style="list-style-type: none"> Software solution Brick and mortar locations 	<ul style="list-style-type: none"> Customer support Arbitration 	<ul style="list-style-type: none"> Over-the-counter Digital channels (mobile and web) Self-service kiosks 	<p>1</p>
		9	3	\$
				5

BUSINESS MODEL EXAMPLE

BUSINESS MODEL CANVAS - NETFLIX

The Power MBA

KEY PARTNERS	KEY ACTIVITIES	VALUE PROPOSITIONS	CUSTOMER RELATIONSHIPS	CUSTOMER SEGMENTS
Internet service providers (ISP) 3rd party studios	Content procurement Application development 3rd party licensing	On-demand video Huge selection of content Original content Competitive price point	Self-service platform	Mass market
	KEY RESOURCES		CHANNELS	
	Streaming rights Internet bandwidth Recommendation algorithm Content library		Website App store Affiliate partners	
COST	REVENUE STREAMS			
In-house content production 3rd party licensing Streaming application (staff, maintenance, etc.,)	Subscriptions			5

BMC VS LEAN CANVAS

- The Business Model Canvas is designed for **established companies** looking to innovate within their existing model.
- It presents a broad perspective suitable for the complexities of large, multifaceted businesses.
- In contrast, Lean Canvas is designed for **startups**, favoring agility and emphasizing key issues that startups often face, such as problem identification, testing potential solutions, and establishing unique value propositions

KEY POINTS TO BE CONSIDERED FOR YOUR BUSINESS MODEL

**Does your model have
a competitive edge today?
Tomorrow?**

**Is your model prepared
for emerging trends?**

**Is your model in line with
evolving customer needs?**

**How will your model adjust to
macro-economic shifts?**

**The era of the fixed
business plan is over**

GROUP ACTIVITY

Develop Lean canvas for your chosen project by first identifying your customers.

This will be carried forward to as your assignment 3 input



The towel reuse policy is mainly to save our laundry costs: But thank you for helping the planet...

Fake Sustainability!



Reuse Towel: Save Environment

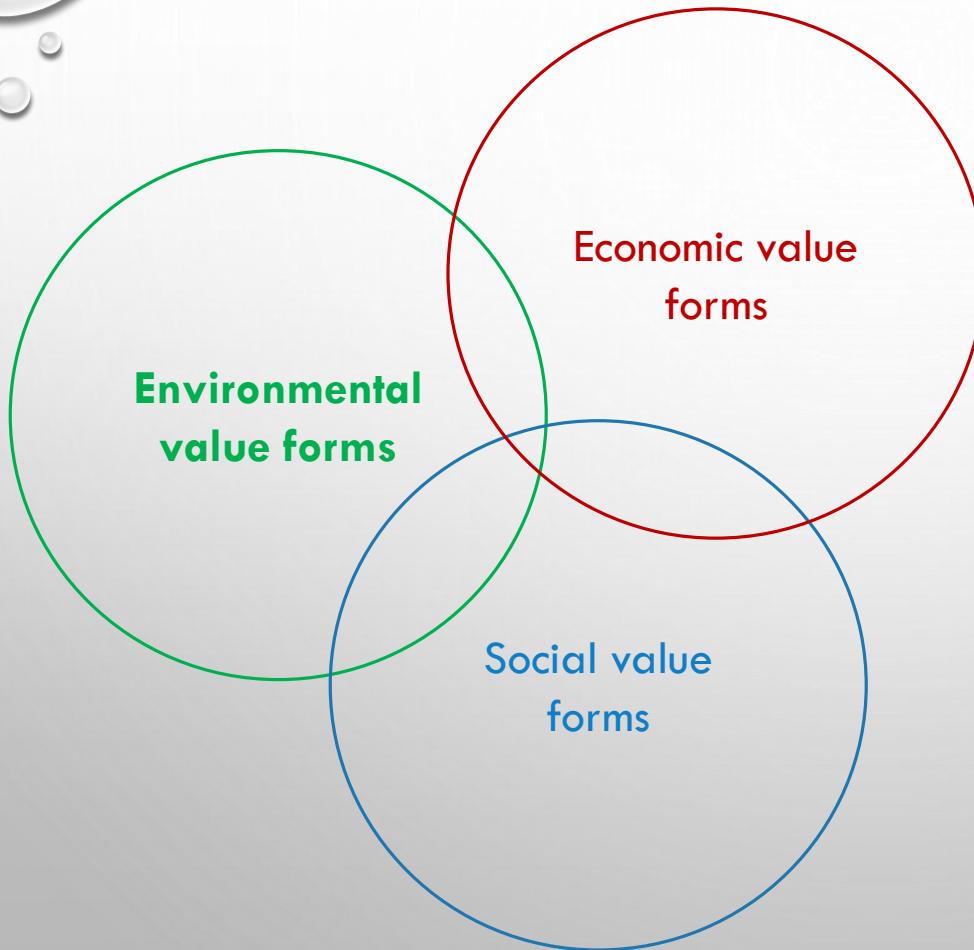


SUSTAINABLE BUSINESS MODEL

As global issues such as **climate change, resource scarcity, and shift in societal expectation** intensify, businesses must innovate to ensure long-term success

Growing Responsibly, Thriving Sustainably

CORPORATE SOCIAL RESPONSIBILITY



=Sustainability

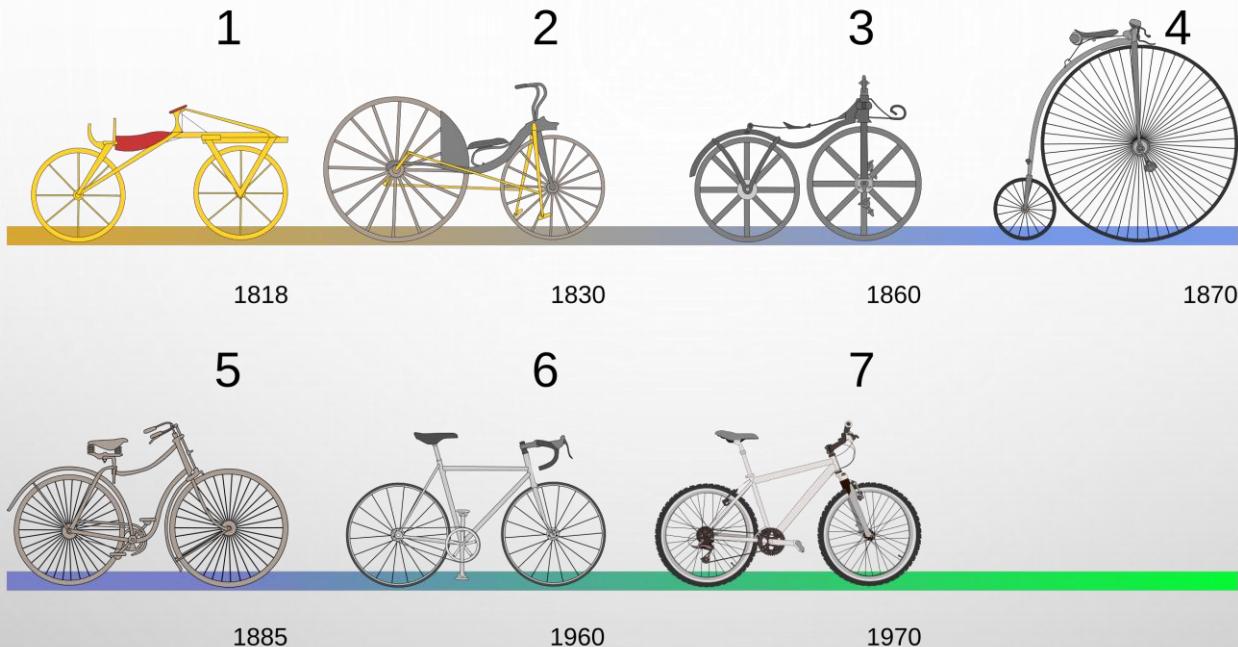


RESTART FRAMEWORK FOR SUSTAINABILITY

R-Redesign rather than standstill

E-
S-
T-
A-
R-
T-





RESTART FRAMEWORK FOR SUSTAINABILITY

R-Redesign rather than standstill

E-Experimentation rather than turnaround

S-
T-
A-
R-
T-





RESTART FRAMEWORK FOR SUSTAINABILITY

R-Redesign rather than standstill

E-Experimentation rather than turnaround

S-Service Logic rather than product logic

T-

A

R.

T-





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RESTART FRAMEWORK FOR SUSTAINABILITY

R-Redesign rather than standstill

E-Experimentation rather than turnaround

S-Service Logic rather than product logic

T-The circular economy rather than linear economy

A

R.

T-



RESTART FRAMEWORK FOR SUSTAINABILITY

R-Redesign rather than standstill

E-Experimentation rather than turnaround

S-Service Logic rather than product logic

T-The circular economy rather than linear economy

A-Alliance rather than solo run

R.

T-



RESTART FRAMEWORK FOR SUSTAINABILITY

R-Redesign rather than standstill

E-Experimentation rather than turnaround

S-Service Logic rather than product logic

T-The circular economy rather than linear economy

A-Alliance rather than solo run

R-Result rather than indulgence

T-



RESTART FRAMEWORK FOR SUSTAINABILITY

R-Redesign rather than standstill

E-Experimentation rather than turnaround

S-Service Logic rather than product logic

T-The circular economy rather than linear economy

A-Alliance rather than solo run

R-Result rather than indulgence

T-Three dimensionality rather than one dimensionality



**GROUP ACTIVITY: DISCUSS AND PLAN ON YOUR
BUSINESSES' CORPORATE SOCIAL RESPONSIBILITY (20
MINUTES)**