

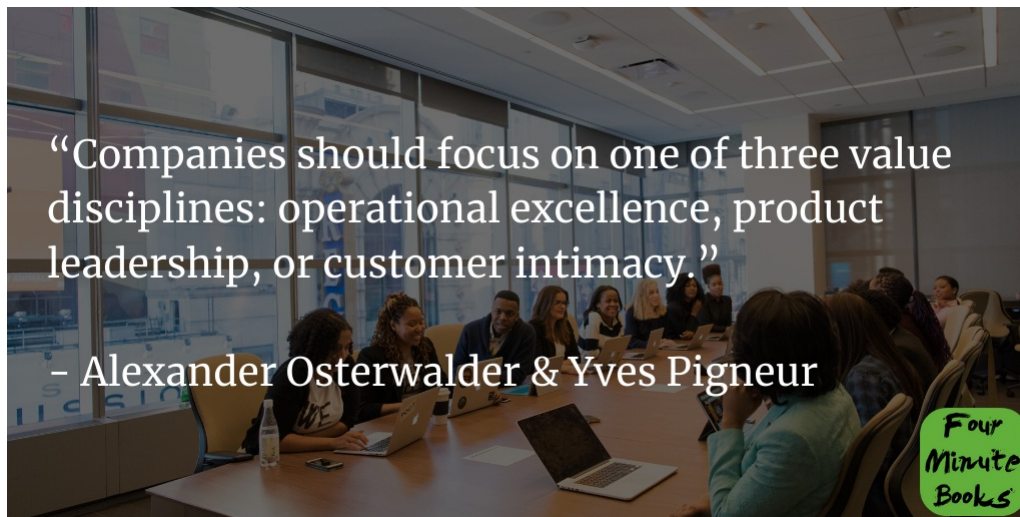
Business Model Generation Summary

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1-Sentence-Summary: *Business Model Generation* teaches you how to start your own company by explaining the details of matching your customer's needs with your product's capabilities, managing finances, and everything else involved in the planning stages of entrepreneurship.

Read in: 4 minutes

Favorite quote from the author:



So you've got a great idea but you don't know how to turn it into a business. What do you do about it? Are you going to just let it sit there and fizzle away like most people do? Or will you get up and make a plan to help you take action?

Entrepreneurship is fun, but most of us underestimate the difficulties along the way. Money problems, arguments with partners, and not knowing your customers, and many more troubles await you. But this doesn't have to be a problem if you plan wisely.

That's why you need to begin with a business plan to prepare everything about your new company. And *Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers* is here to help you do this. With these tips, your chances of becoming a successful entrepreneur will skyrocket!

Here are the 3 biggest lessons I've learned from this book:

1. Market channels, value propositions, and customer groups are the basis for a good business model.
2. You need to know your customer's relationship with you, how money is coming in, and what physical things that you need to run your company.

3. Plan for what you'll do from day to day, who you're going to work with, and what your cost structure will be.

Ready to start your own company? After this, you'll know how to! Let's go!

Lesson 1: The foundation of a great business model begins with customer groups, value propositions, and market channels.

Look around you right now. Are you in the car? On the phone? Maybe you're sitting in a cafe. Whatever you're doing, you are surrounded by businesses. Although they all have different purposes, they all have one thing in common. Every business creates value for its customers.

The beginning of this is a business model that outlines a company's product and what type of people it creates value for. The heart of the best business plans is customers. Without anyone to buy your product, you don't have a company.

You can get into a mass market, which covers a large audience of customers with similar needs. Or your business can cater to a niche market that is made up of smaller groups of people with certain interests.

Once you know your market, you've got to figure out your value proposition, or what problem you're going to solve for people. Identify the need your product or service fulfills and what makes it better for customers to choose over other similar products. The value you provide can be connected with design, reducing risk, or top performance.

The next step is to figure out how you're going to reach your audience. This is also known as market channels. Will you have a storefront? Or maybe a sales team is what you prefer. In many cases, a website is a good option. You can even make new channels by partnering with others, like a wholesaler.

Lesson 2: Resources, ways to make money, and relationships with your customers are all vital things to plan to have a successful company.

You know who you're serving and how you're meeting their needs and the ways you'll reach them. Now you need to identify what relationship you want to have with them. This step is vital because it's the foundation for how much value they find in your company.

If you have a personalized way of relating, you might personally assist your patrons with their needs. An IT company that helps people with specific computer needs is a good example of this. If this same business has regular customers, then they might try a more automated approach with their email marketing.

Then it's time to look at revenue streams. Think of your business like a body, with the customers being the heart. **This would make revenue like the arteries and veins that make sure things run correctly.**

You can get money coming in with a few different models. One option is transactions, which includes three one-time payments, like when you buy a new computer. There are also subscriptions, like Netflix. You can also have usage fees, which differ depending on how much a customer uses the service, like mobile data.

The next step is to determine the ways you will get the resources your company needs to stay in business. Think of these like food and water that keep a body running.

Materials, buildings, and equipment are all examples of physical resources you need. It also takes human resources, or your staff, to keep things running smoothly. There are also intellectual resources, which include copyrights and patents over your products.

Lesson 3: Know your costs, who you'll work with, and what you do each day to finish your business plan.

Just like you have to exercise if you want to keep your body healthy, you need to know the activities that will make your business healthy. This includes platform or network hosting, problem-solving, and production.

Examples of production activities include manufacturing a laptop or making a pizza. In my engineering company, I am a consultant, which is an example of problem-solving. When you put up a product or service for sale on eBay or Airbnb, this is platform and network hosting.

Next it's time to figure out who you're working with. Most of the time, you've got to have a team to run your company. It's a good idea to plan who will be on it beforehand because it can make some of your activities possible and limit risk.

The last step of all this planning is to outline the cost structure. You can either be value-driven or cost-driven. **If you work hard to keep expenses low, maybe by reducing your service level, then you are cost-driven.** Cheap airlines are a good example of this.

In contrast, value-driven companies brush aside how expensive it is to take care of their customers. They focus mostly on offering top-quality services that justify a higher price. Private airlines that cater to high-end customers are a good example of what it means to be

value-driven.

Business Model Generation Review

I really enjoyed *Business Model Generation* because I can see the importance of planning when creating a business from the ones I've started recently. To be honest, these steps are some of the least fun of being an entrepreneur. But doing them is the difference between success and failure.

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Who would I recommend the Business Model Generation summary to?

The 29-year-old who wants to begin working for themselves but isn't sure how to start, the 54-year-old executive who wants to get back to the basics for success in their company, and anyone that would like to be an entrepreneur.