



WEN BOOTCAMP

Business Model



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CONCEPTS

- What is a business model and types of business models?
- The Importance of a sustainable business model
- Lean canvas and its components
- How to build a Lean Canvas step by step



By the end of the lesson, you will be able to:

- Understand what is a company's business model.
- Comprehend the importance of building a sustainable venture and how unsustainable business can backlash.
- Learn the importance of the Lean Canvas and create it for your venture

Steps:

1. Business model and the existing types.
2. Define the type of business model you are going to adopt.
3. Build your Lean canvas.

The Business Model



How do you make money? What is your path to achieving profitability and scale? How will you sustain the harsh business environment?

The above questions are going to be definitely some of the questions that you will be frequently asked when you are talking about your business.

What is a Business Model?

A business model describes how an organization creates, delivers, and captures value, in economic, social, cultural or other contexts. The process of business model construction and modification is also called business model innovation and forms a part of business strategy.

Generally speaking, there are a variety of business models that your business can adopt.

Here are some examples of the most commonly used business models:

1. Manufacturer
2. Distributor
3. Retailer
4. Aggregator
5. E-tailer
6. Franchise
7. Bricks and Clicks
8. Freemium
9. Subscription
10. SAAS
11. Marketplace



All of the above models are ways businesses generate money using. Your goal should be to figure out which model fits your offering the most and start using it.



[Types of Business models](#)

A Wadhvani Perspective



[Refining your Business Model](#)

A Wadhvani Perspective

The Business Model Canvas



What is a Business Model Canvas?

The Business Model Canvas, is a strategic management and entrepreneurial tool. It allows you to describe, design, challenge, invent, and pivot your business model.

The importance of a business model canvas:

A business model canvas is a simple document that can help you cover the different parts of your business. This includes your offering in terms of product or service, your customer segments, your distribution channels, your finances.

. In addition to this, a business model canvas is a great way for you to share details of your business in a brief and efficient way, in cases like:

- Raising the interest of investors in your business model.
- New potential hires, who want to learn more about your business

Why use the Business Model Canvas?

Map Existing Business Models - Visualize and communicate a simple story of your business model.

Design New Business Models - Use the canvas to explore new business models whether you are a start-up or an existing business

Manage a Portfolio of Business Models - Use the canvas to easily juggle between "Explore" and "Exploit" business models.



[Business Model Canvas Explained](#)
Strategyzer

Lean Canvas – Introduction



What is a Lean Canvas?

Lean Canvas is a 1-page business plan template created by Ash Maurya that helps you deconstruct your idea into its key assumptions. It is adapted from Alex Osterwalder's Business Model Canvas and optimized for Lean Startups.

Fast: Compared to writing a business plan which can take several weeks or months, you can outline multiple possible business models on a canvas in one afternoon.

Portable: A single page business model is much easier to share with others which means it will be read by more people and also more frequently updated.

Concise: Lean Canvas forces you to distill the essence of your product. You have 30 seconds to grab the attention of an investor over a metaphorical elevator ride, and 8 seconds to grab the attention of a customer on your landing page.

Effective: Whether you're pitching investors or giving an update to your team or board, our built-in presenter tools allow you to effectively document and communicate your progress.

Lean Canvas Template

The Lean Canvas		Designed for:	Designed by:	Date:	Version:
		Startup Name	Name 1, Name2, ...	DD/MM/YYYY	X.Y
Problem Top 3 problems	Solution Top 3 features	Unique Value Prop. Single, clear and compelling message that states why you are different and worth buying.	Unfair Advantage Can't be easily copied or bought.	Customer Segments Target Customers	
Existing Alternatives List how these problems are solved today.	Key Metrics Key activities you measure	High-Level Concept List your X for Y analogy (e.g. YouTube = Flickr for videos)	Channels Path to customers	Early Adopters List the characteristics of your ideal customers.	
Cost Structure List your fixed and variable costs. Customer acquisition costs Distribution costs Hosting People Etc.			Revenue Streams List your sources of revenue. Revenue Model Life Time Value Revenue Gross Margin		

Lean Canvas is adapted from The Business Model Canvas (www.businessmodelinnovation.com/canvas/). PowerPoint Implementation by: Neel Dholakia (www.leanstartup.com/). License: CC BY-SA 4.0

The 9 blocks of the Lean Canvas



Problem: What problems are your customers facing?

Customer Segment is a homogenous group of customers who:

- Experience a similar need
- Can be offered a solution at a similar cost
- Can buy a solution at a similar price

Solution: What is the possible solution that your customer is ready to pay for?

Unique Value Proposition: Unique Value Proposition is a compelling message that states why your solution is different and worth buying.

The **Channels** section should answer the following questions:

- How does each of your customer segments want to engage?
- What should be their points of interaction?
- How do you get, keep, and grow your customers?

Revenue Streams: Revenue is the amount of money your customers are ready to pay for your solution and how. Revenue can be:

- Fixed revenue
- Recurring revenue

The **Cost Structure** section of the Lean Canvas should answer these questions:

- What is the resulting cost structure?
- What are the key elements that drive your costs?

The **Key Metrics** section needs to include:

- Key activities that you need to measure
- Actionable, auditable, and accessible metrics

Unfair Advantage: Unfair Advantage is when a solution cannot be easily copied or bought.



[Capture Your Business Model in 20 Minutes - Lean Canvas](#)

Ash Maurya

The 9 blocks of the Lean Canvas



Lean Canvas Samples Air BnB

Problem 1 Looking for a room to rent when hotels are sold out <i>#buyer</i> Earn extra cash by renting a room in your house/ apartment <i>#seller</i> Existing Alternatives Hotel rooms <i>#buyer</i> Couch surfing <i>#buyer</i> Stay with friend <i>#buyer</i> Can only rent out entire apt <i>#seller</i>	Solution 4 Marketplace that connects guests with hosts. Key Metrics 8 <ul style="list-style-type: none"> Guest nights booked Number of listings <i>#seller</i> Number of searches <i>#buyer</i> 	Unique Value Proposition 3 Earn extra cash <i>#seller</i> Find an alternative to hotel rooms <i>#buyer</i> HIGH-LEVEL CONCEPT Couch-surfing for professionals	Unfair Advantage 9 Channels 5 <ul style="list-style-type: none"> Billboards Online ads Word of mouth 	Customer Segments 2 <ul style="list-style-type: none"> Guests <i>#buyer</i> Hosts <i>#seller</i> Early Adopters Travelers attending events/ conventions <i>#buyer</i> People with extra rooms they are willing to rent <i>#seller</i>
Cost Structure 7 <ul style="list-style-type: none"> Website Advertising People costs 	Revenue Streams 6 Booking fee			

Lean Canvas Samples Starbucks

Problem 1 People have few choices for freshly-brewed, high-quality coffee. Existing Alternatives <ul style="list-style-type: none"> Supermarket coffee Dunkin Donuts/ McDonalds Home brewed coffee 	Solution 4 Bring Italian coffee house tradition to the US. Key Metrics 8 <ul style="list-style-type: none"> Number of cups served Number of customers Average revenue per customer 	Unique Value Proposition 3 A third place between work and home. HIGH-LEVEL CONCEPT McDonalds for coffee	Unfair Advantage 9 Community, convenience, and accessibility. Channels 5 <ul style="list-style-type: none"> Retail stores Supermarkets Advertising 	Customer Segments 2 Coffee drinkers Early Adopters People who brew their coffee at home
Cost Structure 7 <ul style="list-style-type: none"> People Retail store costs 	Revenue Streams 6 <ul style="list-style-type: none"> Coffee: \$3 / cup Coffee beans: \$10 / bag 			

Call to Action!

Create your Lean Canvas, Use the Handout for template





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