

# Business Models – Components & Customer Value Proposition

# What id it?

- A business model is a plan for how a company is going to make money.
- The components of a business model include details on all operations, as well as short- and long-term visions for the business' growth.
- Without a business model, investors and owners will not have a clear idea of how to best grow the business, and it will be much harder to create a stable and sustainable concern.

- Business model describes entire procedure of creation, delivery, and capturing of organizational values in both economic and social aspects.
- It represents core aspects of the business which include strategies, organizational structure, purpose, operational processes, policies, infrastructure, and business practices.
- Entire functioning of the business is based over this business model as it provides guideline to the organization to carry out all its activities.

# Essence

- The essence of a business model is that it defines the ways by which the business enterprise delivers value to customers, entices customers to pay for value, and converts those payments to profit: it thus reflects management's intention of what customers want, how they want it, and how an enterprise can organize to best meet those needs, get paid for doing so, and make a profit.

# Characteristics of a business model



# Components of a business model



# Components of a business model

Mahadevan,  
2000

Stewart &  
Zhao, 2000

Applegate,  
2001

Brousseau &  
Penard, 2006

# Customer Value Proposition

- Customer value proposition (CVP) is **a statement that a company uses to convince a customer to purchase its products or services over others.**
- Its purpose is to convince customers that this company's product provides more value than competitors' products.



# Customer value proposition

## The Value Proposition Canvas

