EMPREENDEDORISMO
E NOVOS NEGÓCIOS

3. BUSINESS MODEL

(chapter one from
https://learning.oreilly.com/library/view/business-model-generation/9780470876411/)

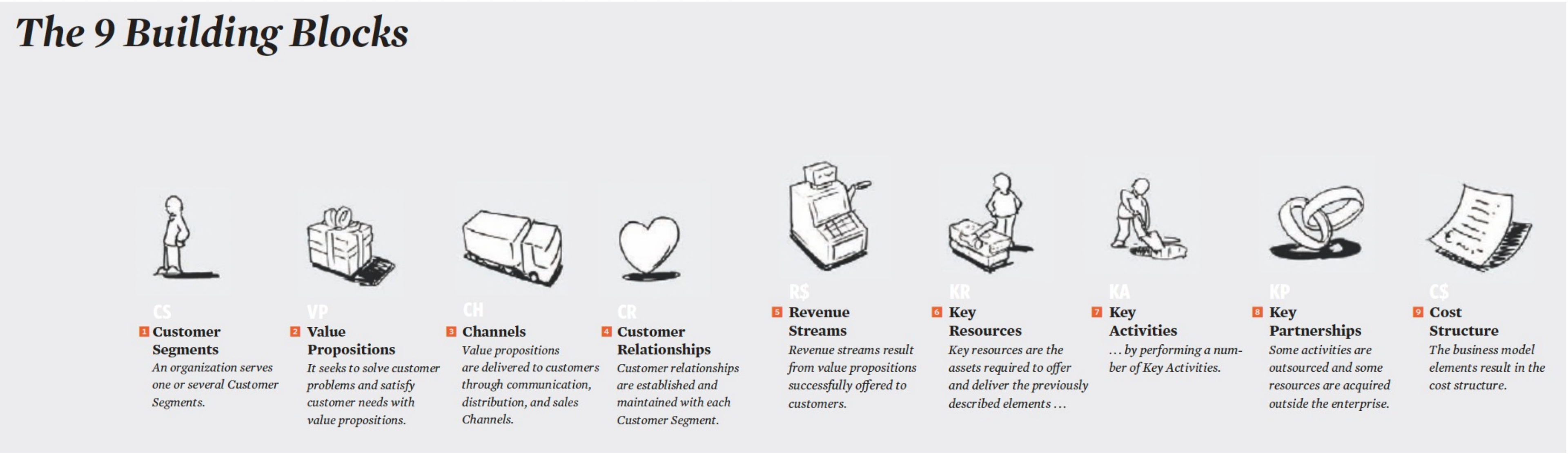
BUSINESS MODEL

Def_ Business Model

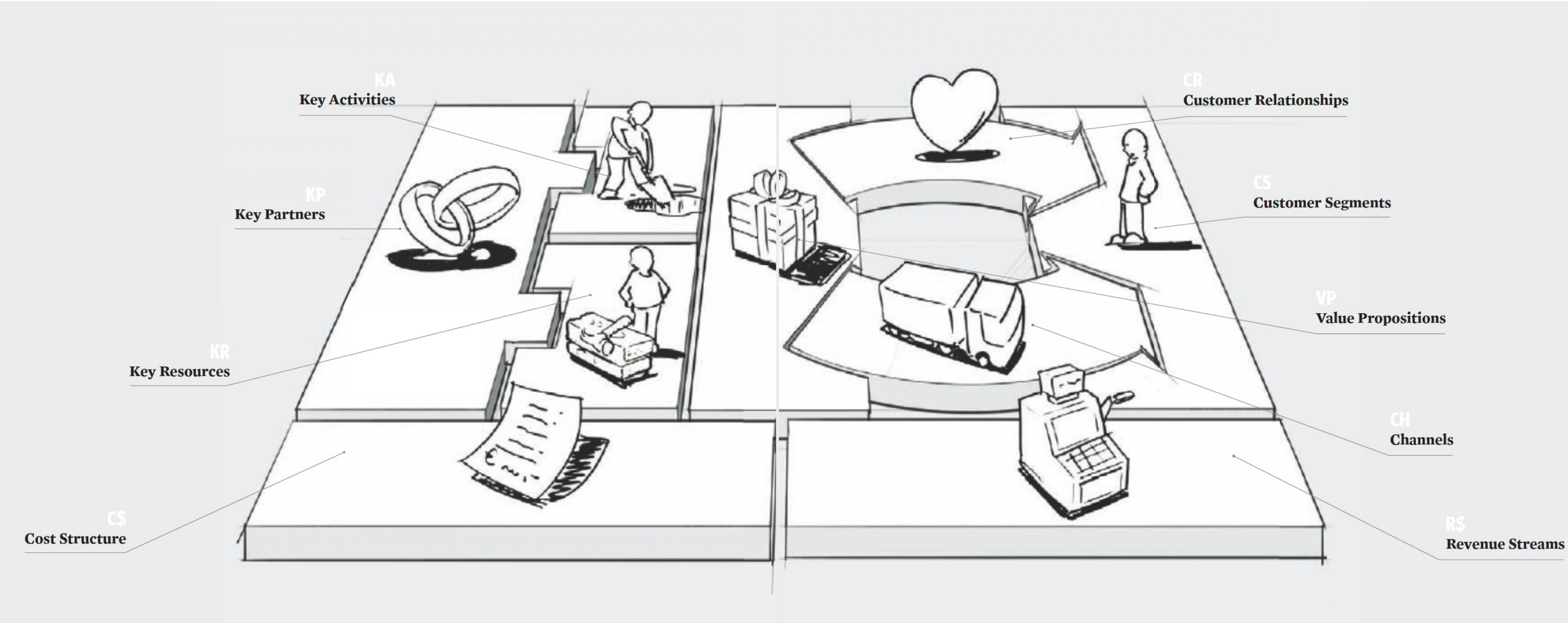
A business model describes the rationale of how an organization creates, delivers, and captures value

Class contents retrieved from: Osterwalder, A., Pigneur, Y., In Clark, T., & Smith, A. (2010). *Business model generation: A handbook for visionaries, game changers, and challengers*.

BUSINESS MODEL BUILDING BLOCKS



BUSINESS MODEL BUILDING BLOCKS



Episode One

Getting from Business Idea to Business Model

https://youtu.be/wwShFsSFb-Y

Customer Segments

The Customer Segments Building Block defines the different groups of people or organizations an enterprise aims to reach and serve

Customers comprise the heart of any business model. Without (profitable) customers, no company can survive for long. In order to better satisfy customers, a company may group them into distinct segments with common needs, common behaviors, or other attributes. A business model may define one or several large or small Customer Segments. An organization must make a conscious decision about which segments to serve and which segments to ignore. Once this decision is made, a business model can be carefully designed around a strong understanding of specific customer needs.

Customer groups represent separate segments if:

- *Their needs require and justify a distinct offer*
- *They are reached through different Distribution Channels*
- *They require different types of relationships*
- *They have substantially different profitabilities*
- *They are willing to pay for different aspects of the offer*

Several types of Customer Segments:

- Mass market
- Market niche
- Segmented market
- Diversified market
- Multiplatform

To characterize the customer segment we can use:

- Geographic information
- Demographic information
- Economic information
- Behavioural information
- Job to be Done
- Type of activities

Value Propositions

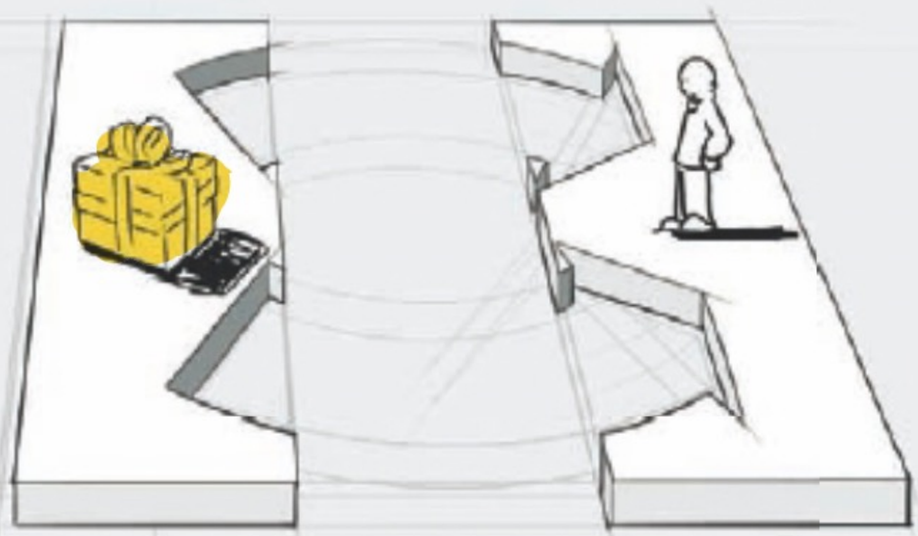
The Value Propositions Building Block describes the bundle of products and services that create value for a specific Customer Segment

The Value Proposition is the reason why customers turn to one company over another. It solves a customer problem or satisfies a customer need. Each Value Proposition consists of a selected bundle of products and/or services that caters to the requirements of a specific Customer Segment. In this sense, the Value Proposition is an aggregation, or bundle, of benefits that a company offers customers.

Some Value Propositions may be innovative and represent a new or disruptive offer. Others may be similar to existing market offers, but with added features and attributes.

Several types of Value Propositions:

- Newness
- Performance
- Customization
- Job
- Design
- Brand/status
- Price
- Cost reduction
- Risk reduction
- Accessibility
- Convenience & Usability



Channels

The Channels Building Block describes how a company communicates with and reaches its Customer Segments to deliver a Value Proposition

Communication, distribution, and sales Channels comprise a company's interface with customers. Channels are customer touch points that play an important role in the customer experience. Channels serve several functions, including:

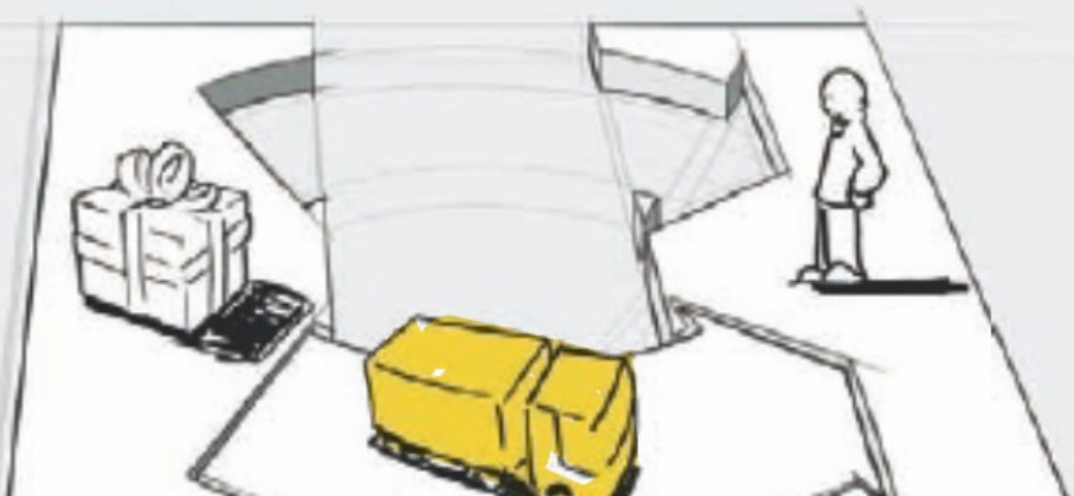
- *Raising awareness among customers about a company's products and services*
- *Helping customers evaluate a company's Value Proposition*
- *Allowing customers to purchase specific products and services*
- *Delivering a Value Proposition to customers*
- *Providing post-purchase customer support*

Own Channels

- Direct: (sales Force - Bimby, web site – Amazon, Wook)
- Indirect Channels (retail stores owned or operated by the organization – Inditex stores, Nespresso)

Partner channels:

- Indirect Channels (partner stores - Leroy Merlin, wholesaler)



Customer Relationships

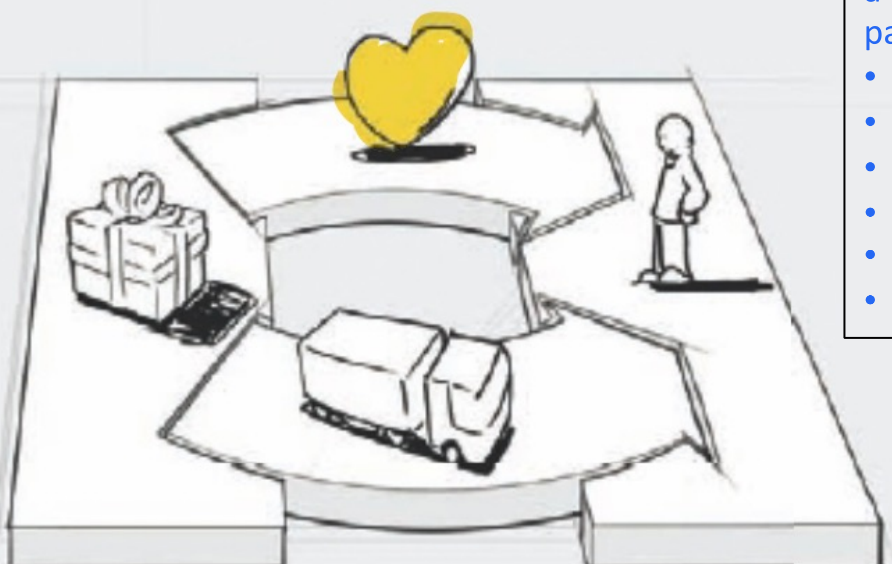
The Customer Relationships Building Block describes the types of relationships a company establishes with specific Customer Segments

A company should clarify the type of relationship it wants to establish with each Customer Segment. Relationships can range from personal to automated. Customer relationships may be driven by the following motivations:

- *Customer acquisition*
- *Customer retention*
- *Boosting sales (upselling)*

In the early days, for example, mobile network operator Customer Relationships were driven by aggressive acquisition strategies involving free mobile phones. When the market became saturated, operators switched to focusing on customer retention and increasing average revenue per customer.

The Customer Relationships called for by a company's business model deeply influence the overall customer experience.



We can distinguish between several categories of Customer Relationships, which may co-exist in a company's relationship with a particular Customer Segment:

- Personal assistance
- Dedicated personal assistance
- Self-Service
- Automated services
- Communities
- Co-creation

Revenue Streams

The Revenue Streams Building Block represents the cash a company generates from each Customer Segment (costs must be subtracted from revenues to create earnings)

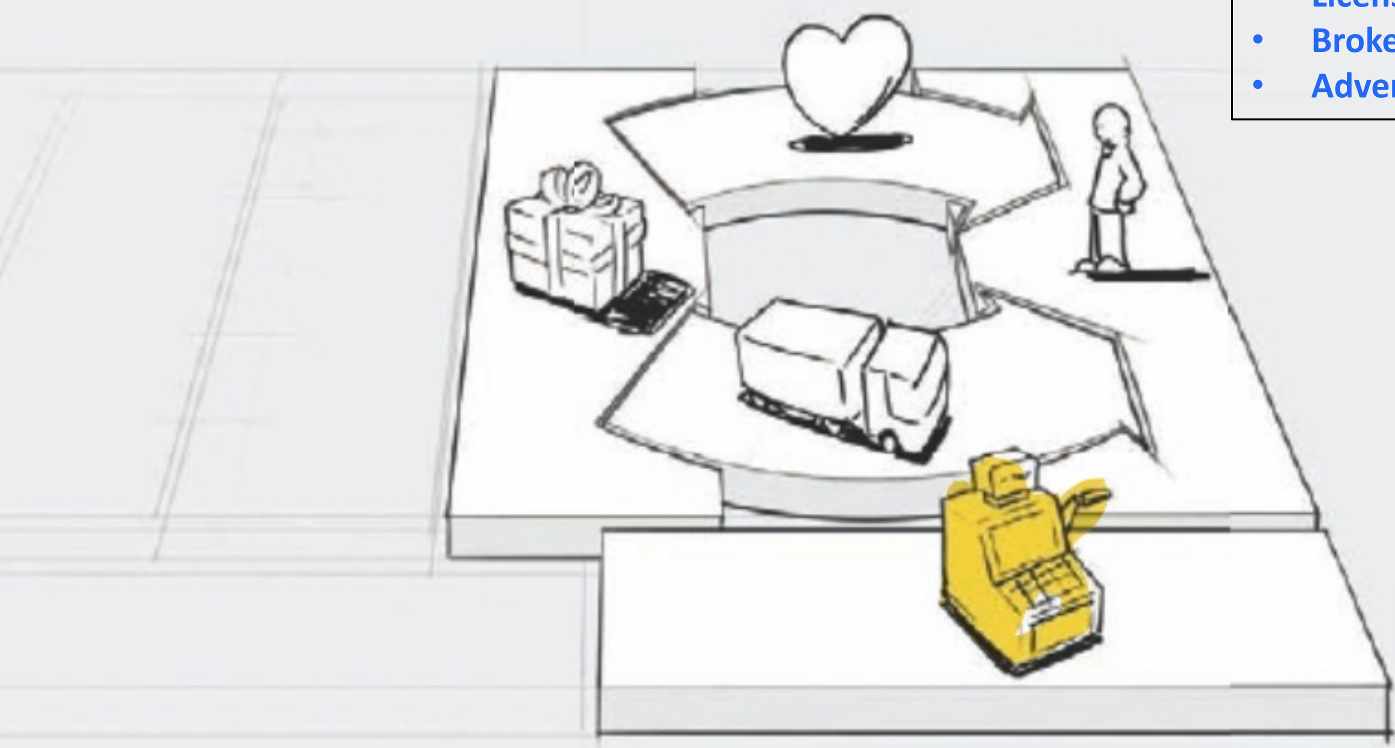
If customers comprise the heart of a business model, Revenue Streams are its arteries. A company must ask itself, For what value is each Customer Segment truly willing to pay? Successfully answering that question allows the firm to generate one or more Revenue Streams from each Customer Segment. Each Revenue Stream may have different pricing mechanisms, such as fixed list prices, bargaining, auctioning, market dependent, volume dependent, or yield management.

A business model can involve two different types of Revenue Streams:

1. *Transaction revenues resulting from one-time customer payments*
2. *Recurring revenues resulting from ongoing payments to either deliver a Value Proposition to customers or provide post-purchase customer support*

There are several ways to generate Revenue Streams:

- **Asset sale**
- **Usage fee**
- **Subscription fee**
- **Lending, renting, leasing**
- **Licensing**
- **Brokerage fee**
- **Advertising**

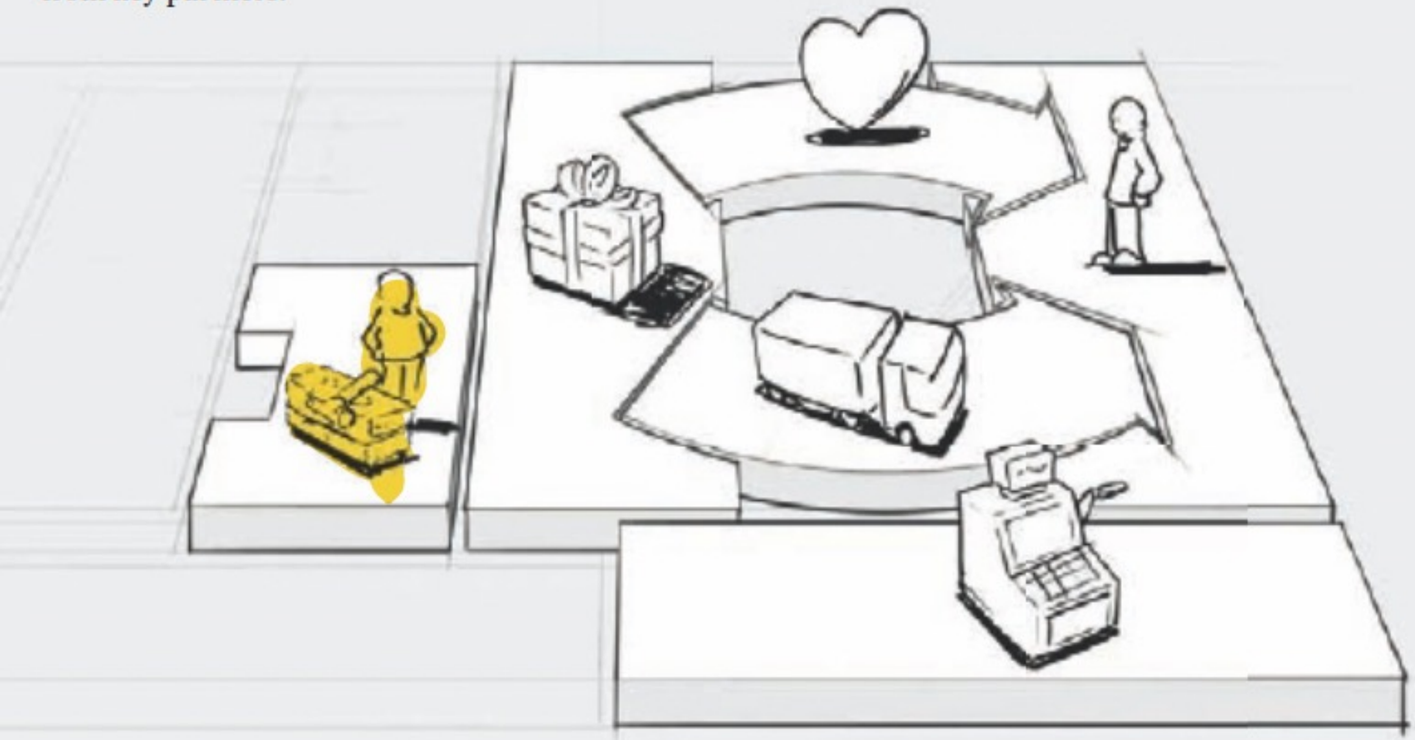


Key Resources

The Key Resources Building Block describes the most important assets required to make a business model work

Every business model requires Key Resources. These resources allow an enterprise to create and offer a Value Proposition, reach markets, maintain relationships with Customer Segments, and earn revenues. Different Key Resources are needed depending on the type of business model. A microchip manufacturer requires capital-intensive production facilities, whereas a microchip designer focuses more on human resources.

Key resources can be physical, financial, intellectual, or human. Key resources can be owned or leased by the company or acquired from key partners.

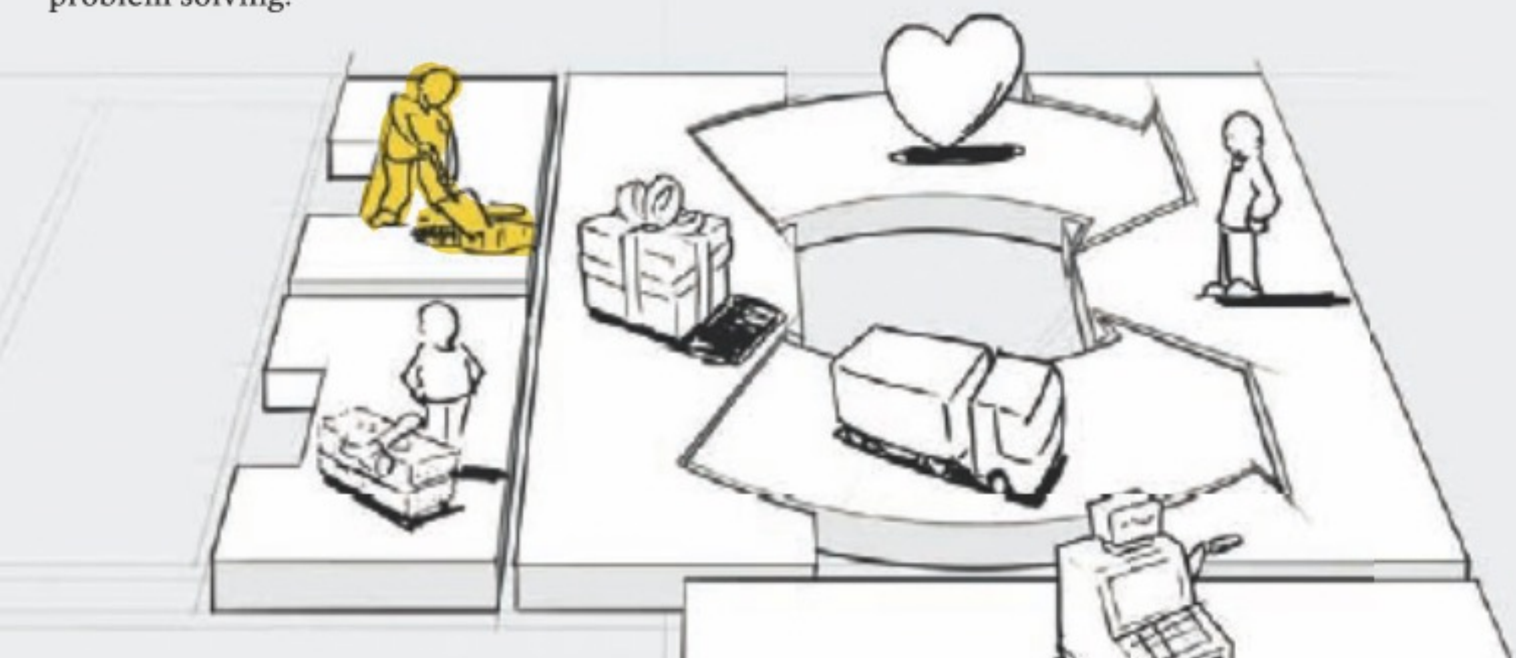


Key Activities

The Key Activities Building Block describes the most important things a company must do to make its business model work

Every business model calls for a number of Key Activities. These are the most important actions a company must take to operate successfully. Like Key Resources, they are required to create and offer a Value Proposition, reach markets, maintain Customer Relationships, and earn revenues. And like Key Resources, Key Activities differ depending on business model type. For software maker Microsoft, Key Activities include software development.

For PC manufacturer Dell, Key Activities include supply chain management. For consultancy McKinsey, Key Activities include problem solving.



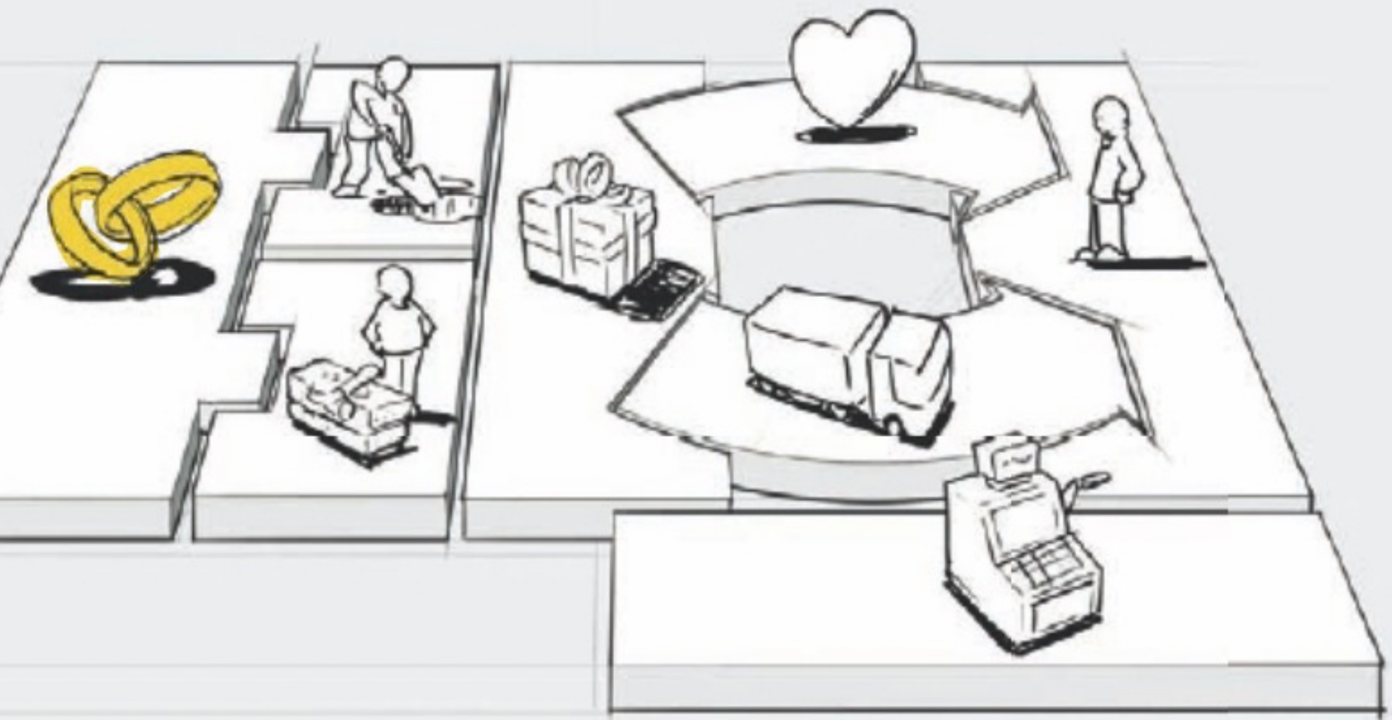
Key Partnerships

The Key Partnerships Building Block describes the network of suppliers and partners that make the business model work

Companies forge partnerships for many reasons, and partnerships are becoming a cornerstone of many business models. Companies create alliances to optimize their business models, reduce risk, or acquire resources.

We can distinguish between four different types of partnerships:

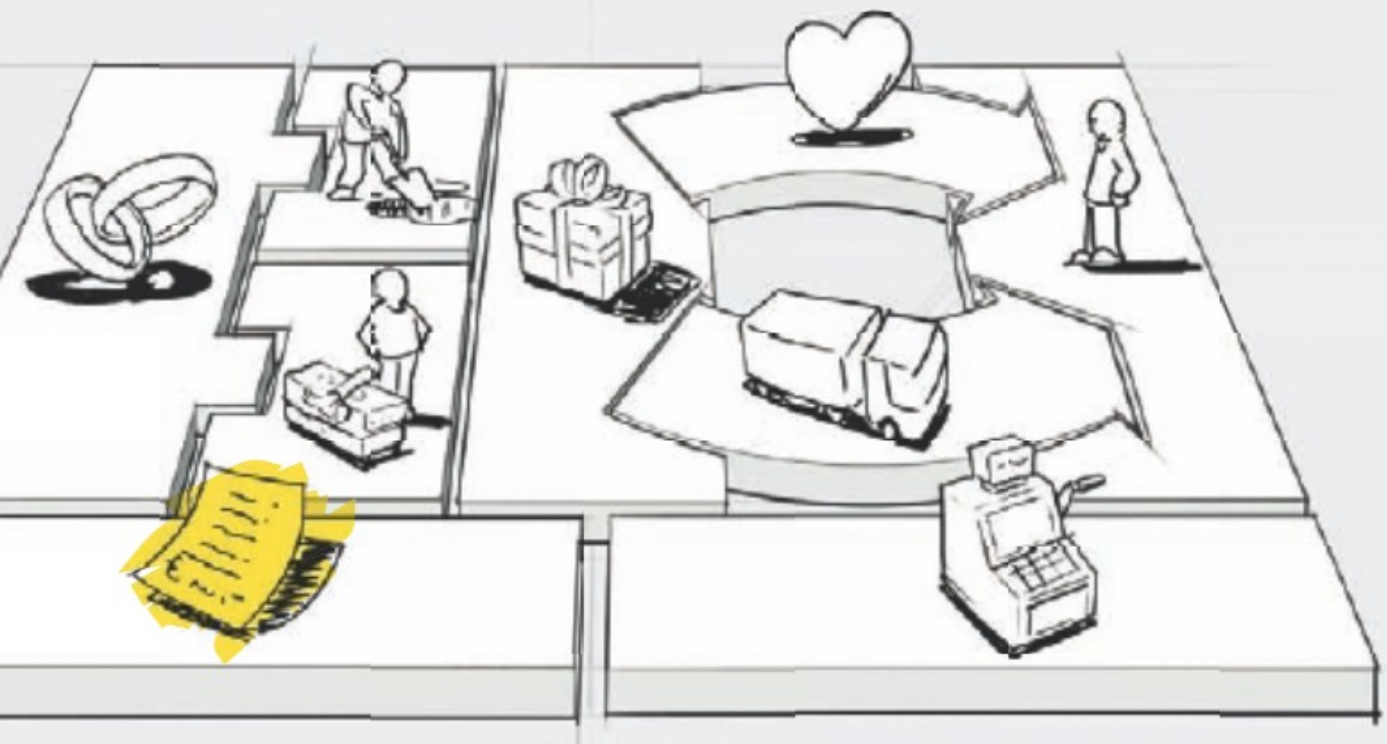
1. *Strategic alliances between non-competitors*
2. *Coopetition: strategic partnerships between competitors*
3. *Joint ventures to develop new businesses*
4. *Buyer-supplier relationships to assure reliable supplies*



Cost Structure

The Cost Structure describes all costs incurred to operate a business model

This building block describes the most important costs incurred while operating under a particular business model. Creating and delivering value, maintaining Customer Relationships, and generating revenue all incur costs. Such costs can be calculated relatively easily after defining Key Resources, Key Activities, and Key Partnerships. Some business models, though, are more cost-driven than others. So-called “no frills” airlines, for instance, have built business models entirely around low Cost Structures.



Episode Two

Visualizing Your Business Model

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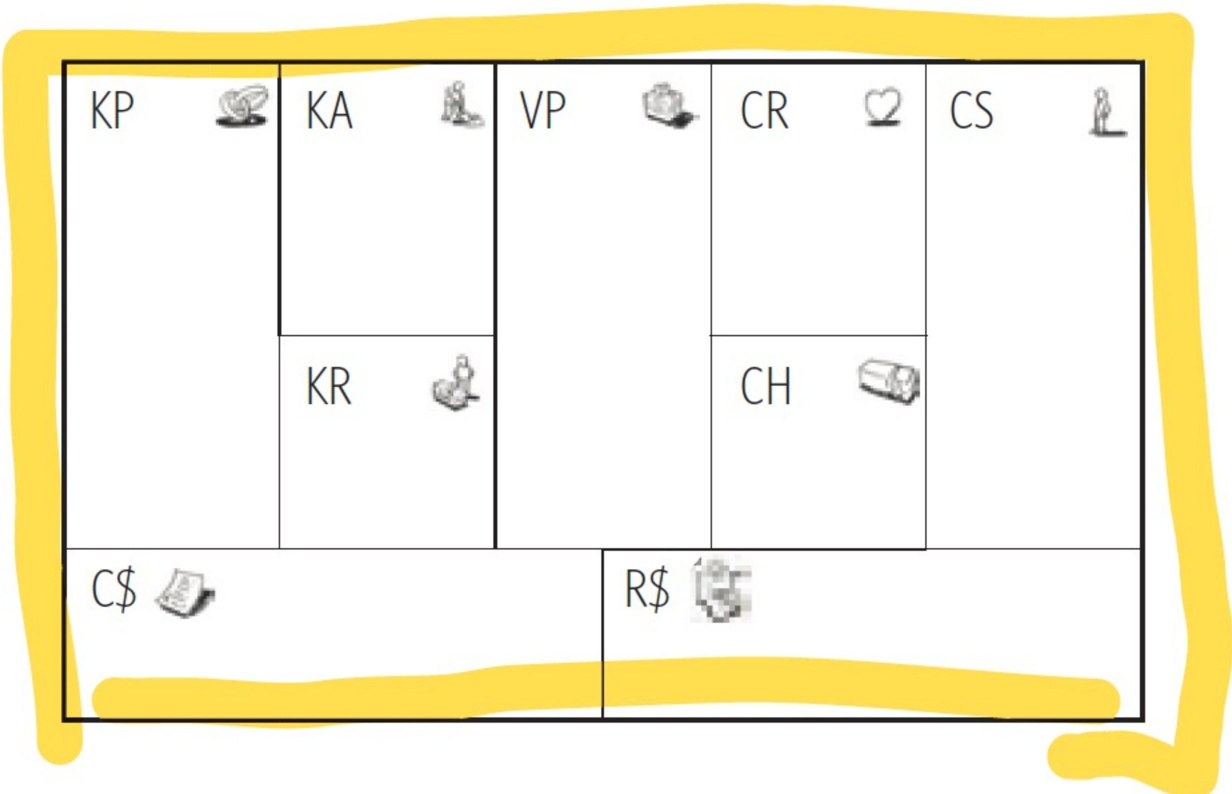

The Business Model Canvas works best when printed out on a large surface so groups of people can jointly start sketching and discussing business model elements with Post-it® notes or board markers. It is a hands-on tool that fosters understanding, discussion, creativity, and analysis.