Using Canvas Model to Create Business Plan

Session 6

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Do you have the Technopreneur spirit?

Yes___No___

Do you always think about how to create value and build new businesses or how to improve or change organizations

Yes___No___

Are you trying to find Innovative ways of doing business to replace old ways?

Yes___No___

TechnopreneurWorld, Now...

- Today many innovative business models
- Many of today's very different and profitable Business patterns
- Many new industries are formed when old ones fall down

Business Model Definition

- Business model: How the company creates value and aims to continue to survive by generating profits
- Innovation Business Model: About creating value for companies, customers, and society by replacing outdated business models







FerryUnardi

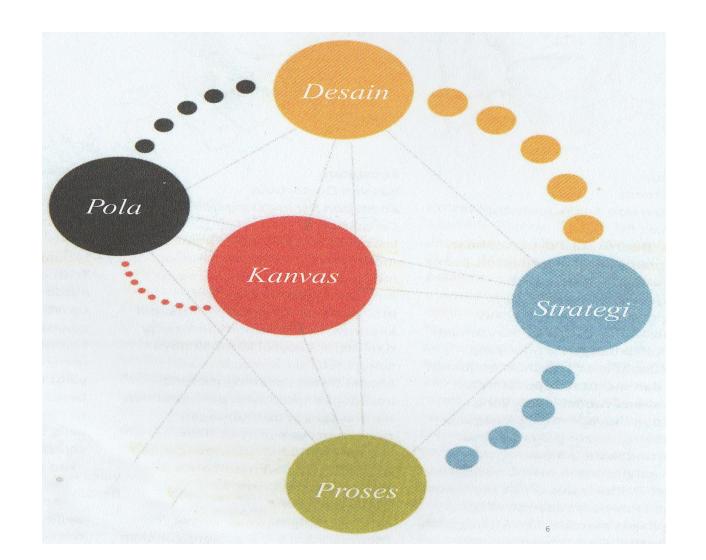


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7 Focus on Business Model Development

- $oldsymbol{1}$. Building a New Business Model in an Old Industry
- **2.** Helping leverage the latest technological developments through the right business model
- **3.** Addressing unmet customer needs and building new business models around it
- 4. Invest in a company that has the most competitive business model
- **5.** Help clients look for business models, as well as dream and build new business models
- **6.** Developing the right business model for launching innovative products
- / Developing positive social and economic change through innovative business models

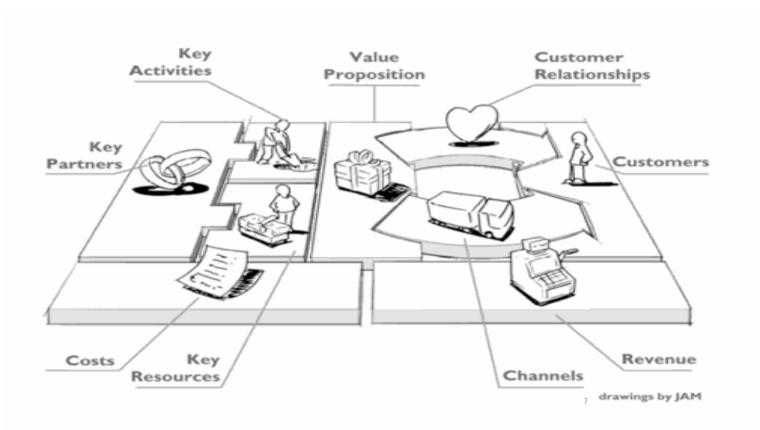
Stages of Business Model Development



Canvas Business Model

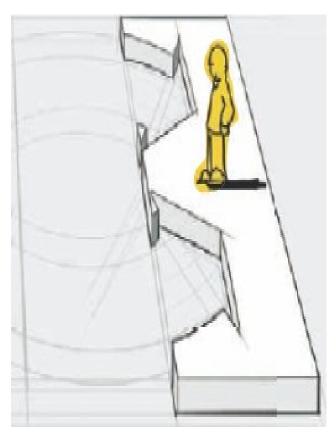
Canvas Business Model:

The Same Language For Illustrating, Visualizing, Assessing, and Changing Business Models



Customer Segment

Describe a group of different people or organizations that the company wants to reach or serve



- To be able to serve & satisfy Corporate customers can segment markets into different Segments based on common needs, commonbehavioror other attributes.
- Every business must make important decisions about which segments to serve and which segments need to be ignored
- Design a business model around a strong understanding of specific customer needs

Customer Segment

Customer Segments



For whom are we creating value?
Who are our most important customers?

Mass Market Niche Market Segmented Diversified Multi-sided Platform

- **1.** For Whom are we creating value?
- **2.** Who are our most important customer?

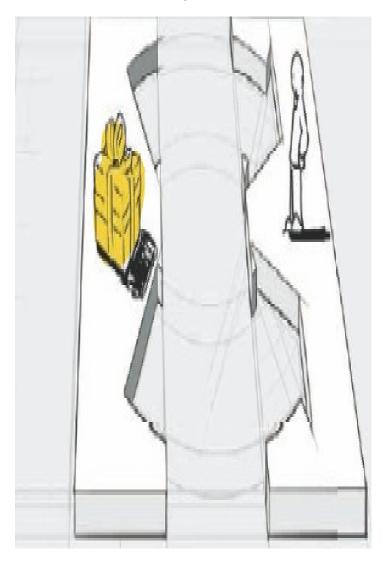
The customer group represents a separate segment if:

- ${f 1.}\,$ Customer needs require and allow different offers
- 2. Customers are acquired through different distribution channels
- 3. Customers need different types of relationships
- 4. Customers basically have different profitability
- $\textbf{5.} \quad \text{Customers are willing to pay for different aspects of the offer}$

Customer Segment

- Different types of Customer segments:
- **1. Mass Market**: focuses on the mass market and makes no distinction between different customer segments
- **2.** Niche Markets: targeting specific and specialized customer segments
- **3. Segmented Markets**: Distinguishes the market segment from the needs and problems of each
- **4. Diversified Markets**: serve two segments of customers unrelated to each other with different needs and problems
- **5.** Multi sided Platform: serve two or more interdependent segments

Value Proposition



Describe a mix of products and services that create value for specific customer segments

- Value proposition is the reason that customers move from one company to another
- Value proposition is a unity & combination of benefits the company offers to customers
- Aims to Solve problems or meet customer needs

Value Proposition

Value Propositions



What value do we deliver to the customer? Which one of our customer's problems are we helping to solve?

What bundles of products and services are we offering to each Customer Segment?
Which customer needs are we satisfying?

CHARACTERISTICS

Newness
Performance
Customization
"Getting the Job Done"
Design
Brand/Status
Price
Cost Reduction

Risk Reduction Accessibility

Convenience/Usability

The reason why customers choose goods and services

Ask to your Business:

- **1.** What value should we give to customers?
- 2. Among the customer issues, which one will help us solve?
- 3. Which customer needs do we meet?
- **4.** What combined products and services do we offer to each customer segment?

Elements that can be Value:

- New properties
- Performance
- Adjustments / Customizations
- Finish the job
- Design
- Brand / status
- Price
- Cost reduction
- Risk Reduction
- Ability to access
- Convenience / Usability

Channels



Describe how a company communicates with its customer segments and reaches them to deliver value propositions

Channels Functions:

- Describe how a company communicates with its customer segment Increases customer awareness of the company's products and services
- 2. Help customers evaluate the company's value proposition
- 3. Allow customers to purchase specific products and services
- 4. Provide value proposition to customers
- 5. Provide post-sale support to customers
- 6. and reach out to them to deliver value propositions

Channels

Channels



Through which Channels do our Customer Segments want to be reached?

How are we reaching them now?

How are our Channels integrated?

Which ones work best?

Which ones are most cost-efficient?

How are we integrating them with customer routines?

CHANNEL PHASES

Awareness

How do we raise awareness about our company's products and services?

Evaluation

How do we help customers evaluate our organization's Value Proposition?

3. Purchase

How do we allow customers to purchase specific products and services?

4. Delivery

How do we deliver a Value Proposition to customers?

After sales

How do we provide post-purchase customer support?

Customer Relationship



Describes the different types of relationships that a company builds with a specific customer segment

Customer relationships can be driven by the following

motivations:

- ${\bf 1.} \ \ {\it Acquisition of a customer}$
- $\ \ 2.\ \ \, \text{Customer Retention (Maintaining)}$
- 3. Increased Sales (Upselling)

Customer Relationship

Customer Relationships



What type of relationship does each of our Customer Segments expect us to establish and maintain with them?

Which ones have we established?

How are they integrated with the rest of our business model?

How costly are they?

EXAMPLES

Personal assistance
Dedicated Personal Assistance
Self-Service
Automated Services
Communities
Co-creation

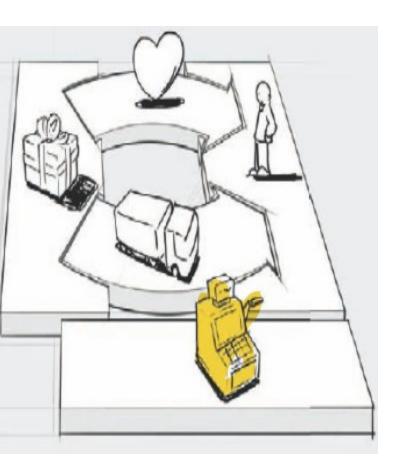
- 1. What kind of relationship does each customer segment expect us to build and maintain with them?
- 2. What kind of relationship have we built?
- **3.** How good is that type of relationship?
- 4. How are these customers integrated with our other business models?

Types of Customer Relationships:

- 1. Personal Relations
- 2. Special Personal Help
- Supermarket
- 4. Auto Service
- 5. Community
- **6.** Co-creation

MUST INTEGRATED BY
OVERALL BUSINESS MODEL

Revenue Streams



Describe the cash generated by the company from each customer segment (Revenue - Cost)

There are several ways to build revenue streams:

- 1. Asset Sale
- 2. Usage Fee
- **3.** Subscription Fee
- 4. Loans / Leasing / Leasing
- **5.** Licence
- **6.** Commission costs
- 7. Advertising

Revenue Streams

Revenue Streams

For what value are our customers really willing to pay?

For what do they currently pay?

How are they currently paying?

How would they prefer to pay?

How much does each Revenue Stream contribute to overall revenues?

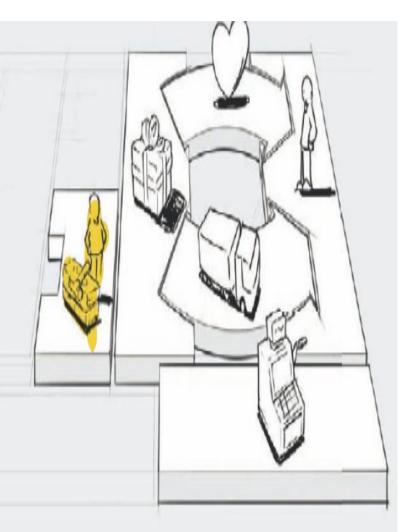
TYPES
Asset sale
Usage fee
Subscription Fees
Lending/Renting/Leasing
Licensing
Brokerage fees
Advertisina

FIXED PRICING List Price Product feature dependent Customer segment dependent

Volume dependent

DYNAMIC PRICINGNegotiation (bargaining)
Yield Management
Real-time-Market

Key Resources



Describe the most important assets needed for a business model to work

- These resources enable companies to create and offer value propositions, reach markets, maintain relationships with customer segments and earn revenue
- Resource requirements vary according to the type of business model

Key Resources

Key Resources



What Key Resources do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue Streams?

TYPES OF RESOURCES

Physical Intellectual (brand patents, copyrights, data) Human Financial What are the key resources for our value proposition? Our Distribution Channel? Customer relationship? Revenue Flow?

Major sources can be categorized as follows:

- 1. hysical(factory, building, vehicle, machine, system, point of sale system, distribution network)
- 2. Intellectual (Brand, knowledge, patent, copyright, partnership, customer database)
- 3. Human (HR)
- 4. Financial (Cash, Credit, Share Option)

Key Activities



Describe the most important things a company should do to make its business model work

Needed to create and offer Value proposition, reach the market,
 manage customer relationships and get revenues

IMPORTANT ACTIVITIES FOR MAKING A LIFE BUSINESS MODEL AND ABLE TO OPERATE

Key Activities

Key Activities



What Key Activities do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue streams?

CATERGORIES

Production Problem Solving Platform/Network Key corporate activities can be:

1. Production

This activity deals with designing, manufacturing, and delivering products in bulk and / or superior quality

2. Problem Solving

The main activities of this type relate to new solutions to individual customer problems. Operations from consultants, hospitals, and other service organizations are usually dominated by problem-solving activities.

3. Network Platform

Networks, website work platforms, software, and even brands can serve as platforms

Key Partnership



Describe a network of suppliers and partners that make business models work

- No company can work alone
- How to create an alliance to optimize business models, reduce
 risk and gain resources more effectively and efficiently
- Partnership aims to strengthen the company's position in the competitive environment, as it is currently a competition based on alliances with alliances

Key Partnership

Key Partners



Who are our Key Partners?
Who are our key suppliers?
Which Key Resources are we acquairing from partners?
Which Key Activities do partners perform?

MOTIVATIONS FOR PARTNERSHIPS

Optimization and economy Reduction of risk and uncertainty Acquisition of particular resources and activities

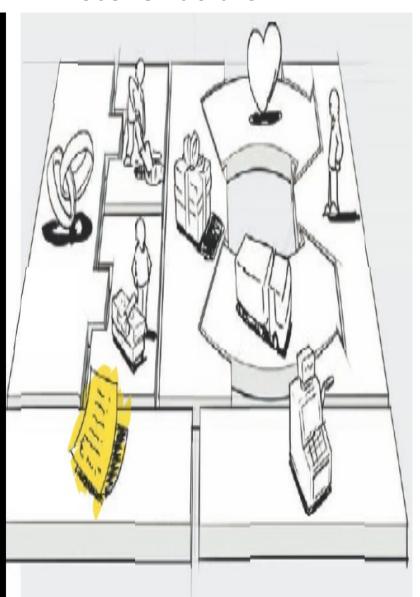
ANALYZE!

- 1. Who are our key partners?
- 2. Who are our main suppliers?
- $3.\;\;$ What are the main resources that partners get from?
- **4.** What key activities do our partners do?

Major sources can be categorized as follows:

- 1. Strategic alliances between non-competitors
- 2. Coopetition: A strategic partnership between competitors
- 3. Joint venture to develop new business
- **4.** Supplier buyer relationship to ensure reliable supply

Cost Structure



Describe all costs incurred to operate the business model

The cost structure of the business model is divided into 2 classes:

- 1. Cost Driven: Creating and maintaining the cost structure as lean as possible
- 2. Value Driven: Offers premium value proposition and high level personal service

Cost Structure

What are the most important costs inherent in our business model?

Which Key Resources are most expensive?

Which Key Activities are most expensive?

IS YOUR BUSINESS MORE

Cost Driven (leanest cost structure, low price value proposition, maximum automation, extensive outsourcing)

Value Driven (focused on value creation, premium value proposition)

SAMPLE CHARACTERISTICS

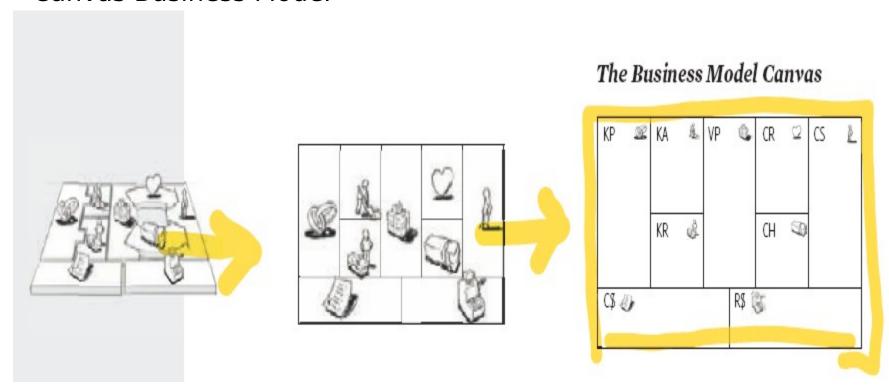
Fixed Costs (salaries, rents, utilities)

Variable costs

Economies of scale

Economies of scope

Canvas Business Model



9 Building Business Model Blocks Become A Brief Tool To Understand
The Business Model That We Will Build

Key Partners

The Business Model Canvas

who are our way suppliers? which key resources are we acquaiting from partnerss verien key Activities on paraves persons

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Key Activities

our distribution channels:

SERVICE REPORTER

Problem Belding Referred Referred

what key addition on our value Propositions requires



Value Propositions

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Customer Relationships



Customer Segments

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Key Resources



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Channels



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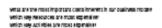
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Cost Structure



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Revenue Streams



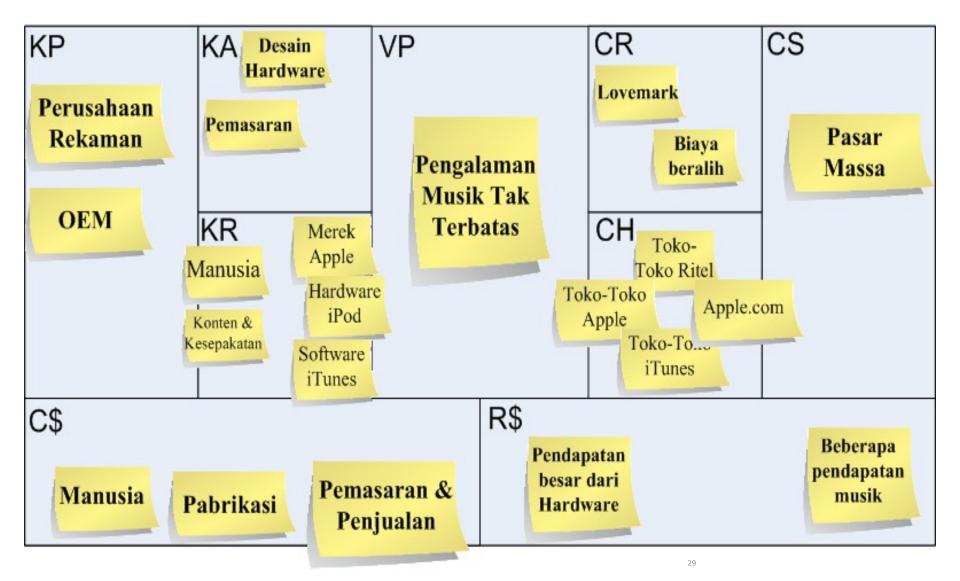
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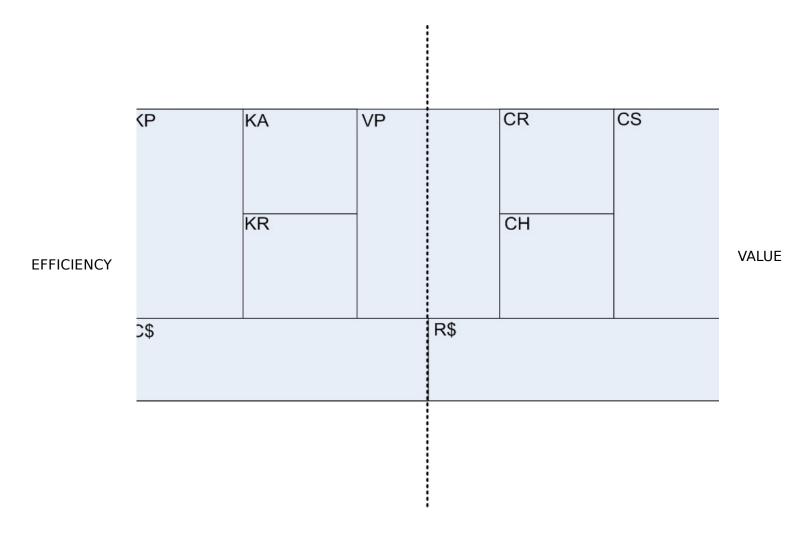
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IPod/ iTunes Business Model



EFFICIENCY ORIENTATION VS VALUES



Task

Make aBusinessPlan with CANVASMETHOD

• Send to :schoology