

Business Model Canvas

segments and applications



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Agenda of this week

Introduction of BMC



Few examples












Seminars
(Workshops - UseCases)

*“Business model describes the rationale of how an organization **creates, delivers,** and **captures value.**”*

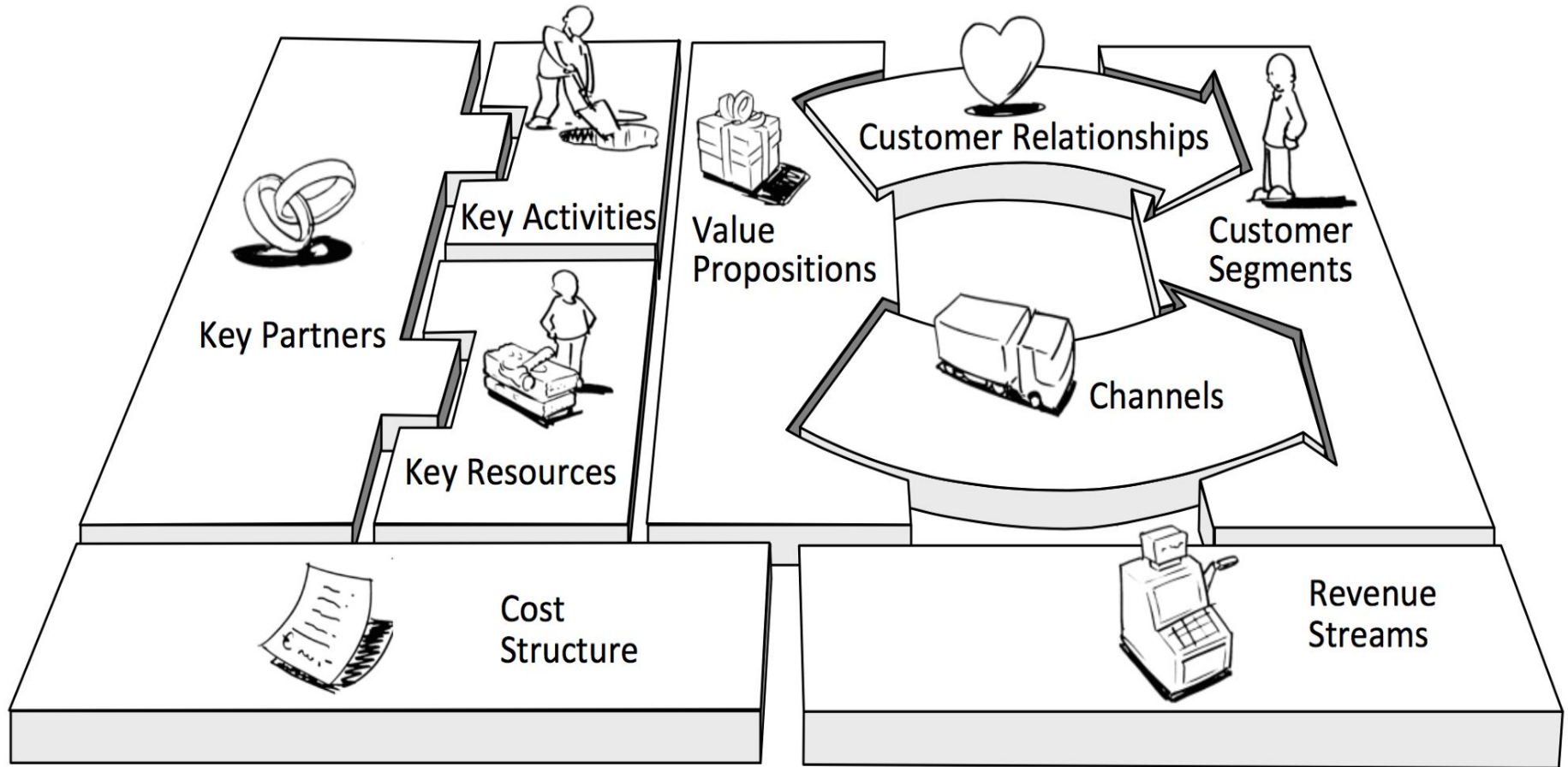
Alexander Osterwalder

*A tool to create & analyze
business models..*

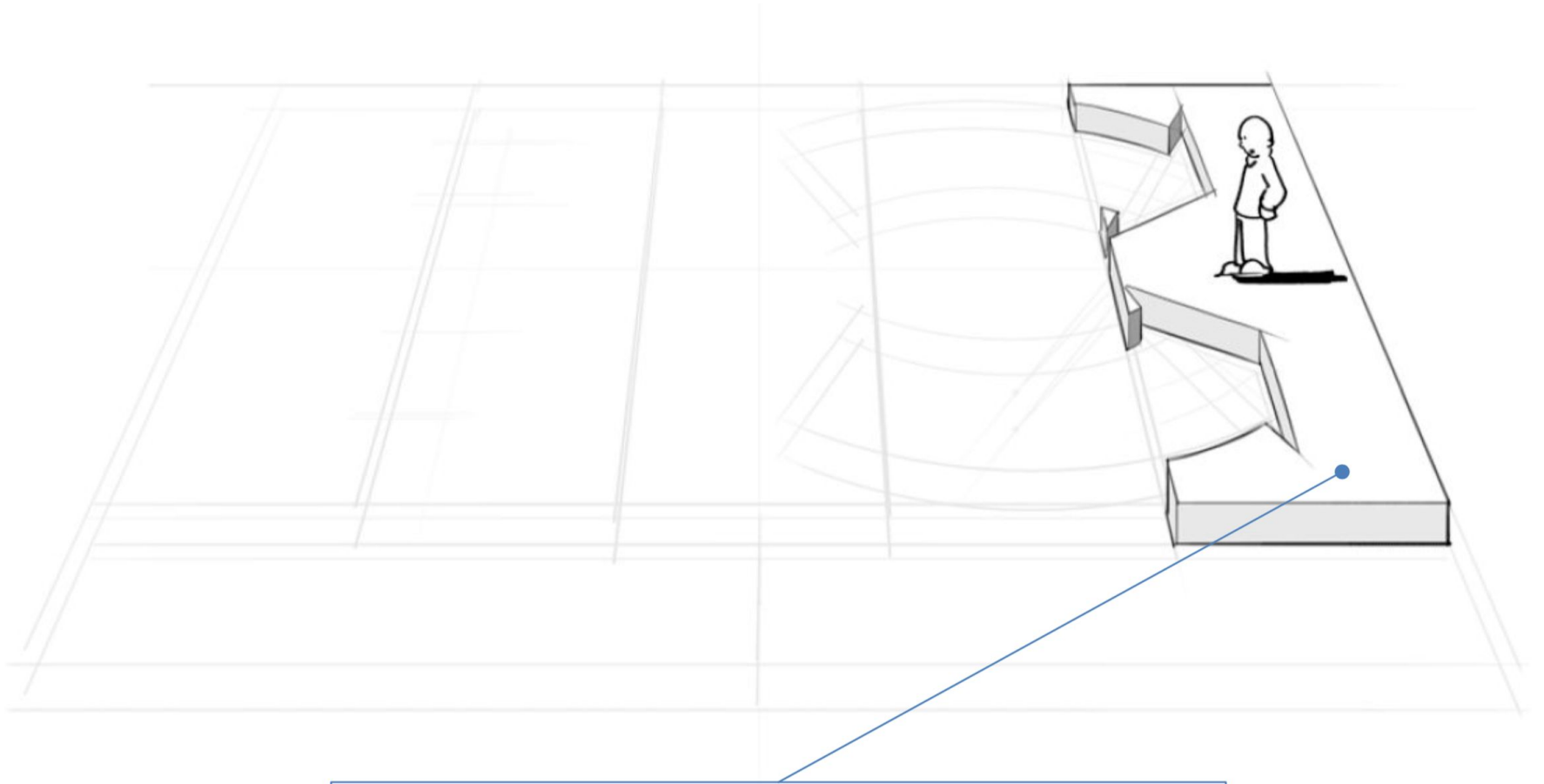
Business Model Canvas (BMC)

<p>Key Partners </p>	<p>Key Activities </p>	<p>Value Propositions </p>	<p>Customer Relationships </p>	<p>Customer Segments </p>
	<p>Key Resources </p>		<p>Channels </p>	
<p>Cost Structure </p>			<p>Revenue Streams </p>	

9 Building Blocks



Customer Segments



which customers and users are you serving?
which jobs do they really want to get done?

Customer Segments

Segment Dimensions

Single or multi-sided market?

Problems, Needs, Habits & Current Alternatives

What job are you doing for the customer? What need are you fulfilling?

Segment Composition

'Personas'

You should be able to visualize these Personas- what kind of shoes do they wear? And you should understand what they think, see, feel, and do in your product area.

Output

A list of **Personas**, organized by Customer Segment if you have more than one segment.

I recommend trying to prioritize them- Who would you pitch first if you could only pitch one? Who next? And so forth...

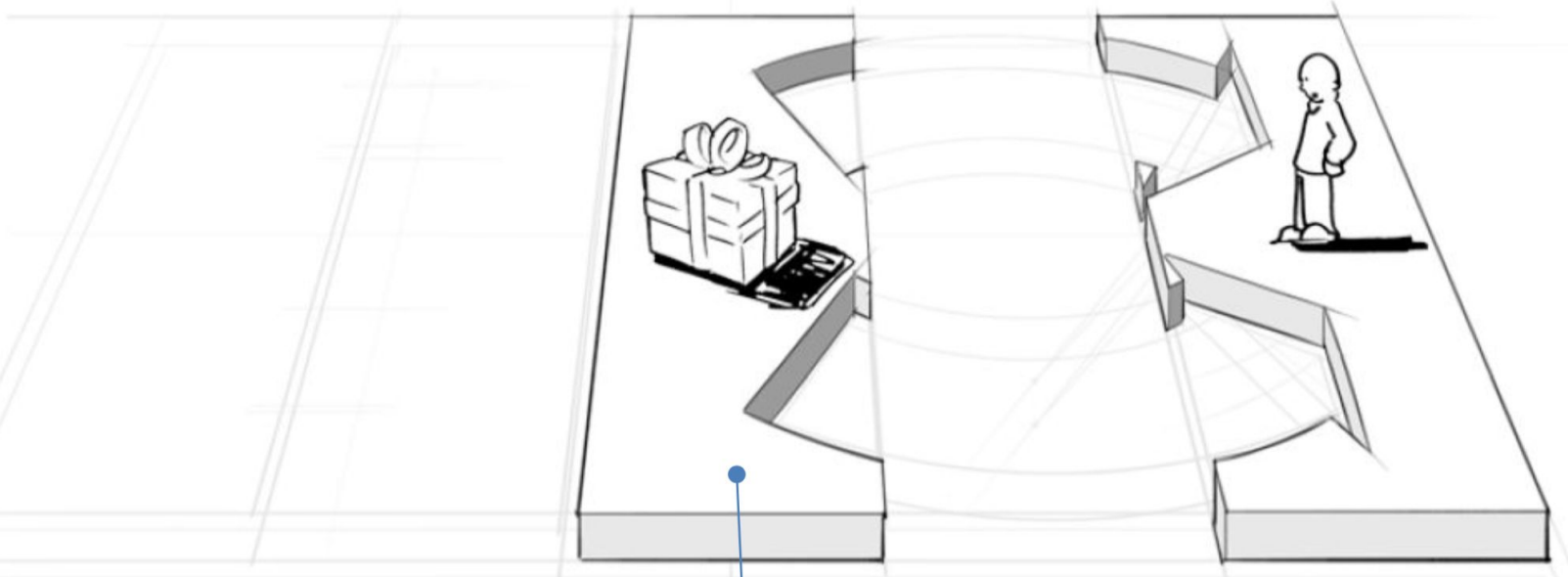
Notes

If you're spending a lot of time on this first item,
that's OK (and it's probably good).

The Canvas is a tool, not a strategy and **not all the nine blocks are equal**.

The pairing of **Customer Segments** and **Value Propositions** is really the
'independent variable' **that should be driving everything else in your
business model**.

Value Proposition



what are you offering them? what is that getting done for them? do they care?

Value Proposition

Opportunities

Which of the Problems or Needs that you identified in your Personas are you fulfilling?

Competitive advantage

What is unique about your Value Propositions and why does your customer prefer them to their Current Alternatives?

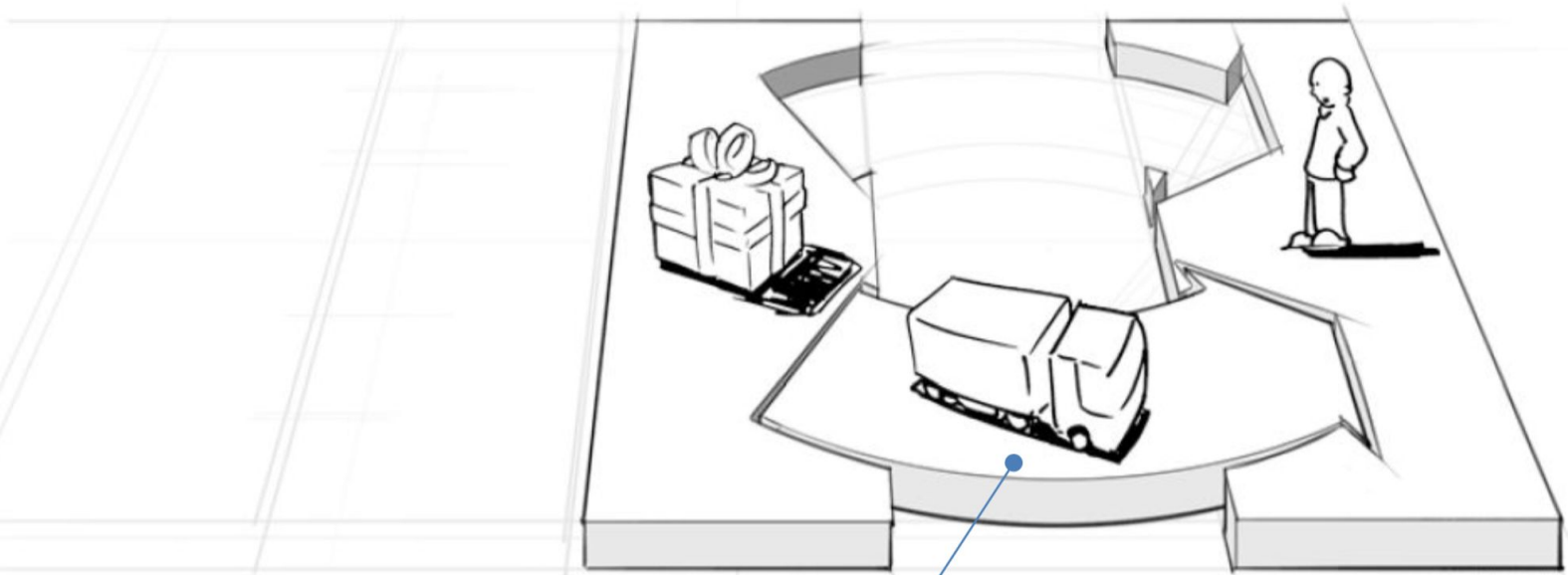
You may have a whole lot of these- and that's fine

Output

A **prioritized list** of Value Propositions and **linkages** from each Personas to the VP's relevant to them

Again, this pairing is the key driver for most business models

Channels



how does each customer segment want to be reached?
through which interaction points?

Channels

Channels includes entities you use to **communicate** your proposition to your segments, as well as entities **through which you sell** product and later service customers

Point of Sale

Retailers

Advertisement

Output

A list of important Channels, **linked to Personas or Segments** if they differ substantially.

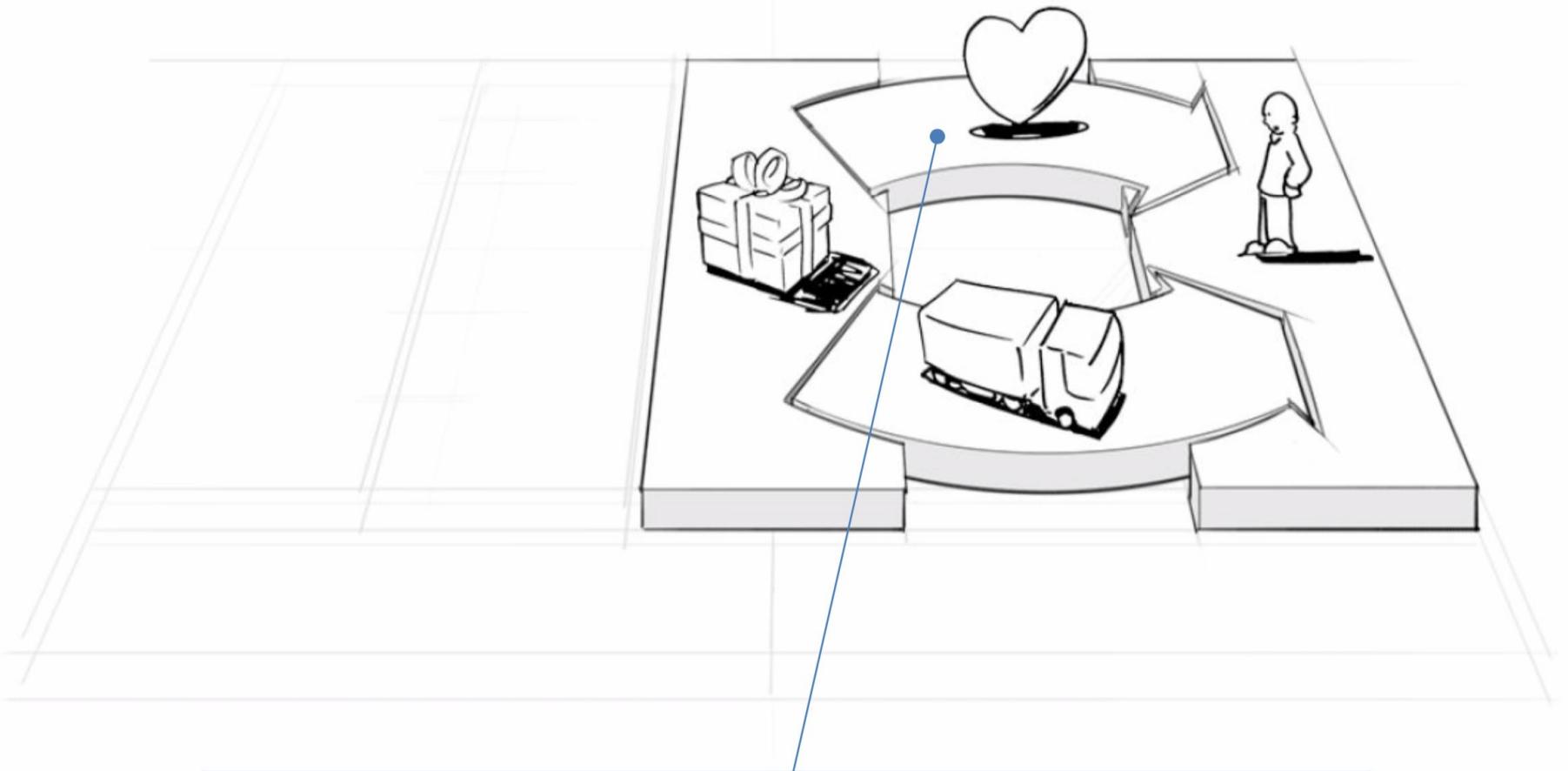
Make notes on what steps are relevant for each- promotion, sales, service, etc.

Notes

Channels and the next item, Customer Relationships, define your **interface with the Customer**. It's important to think all the way through the **customer 'journey'** in specific terms.

For most businesses, the way they get a customer's attention is different than the way they onboard them or support them over the long term. (Follow up)

Customer Relationships



what relationships are you establishing with each segment?
personal? automated? acquisitive? retentive?

Customer Relationships

How does the customer interact with you through the sales and **product or service lifecycle**?

Do they have a **dedicated personal** contact they see? **Call**?

Is all the interaction over the web?

Do they never see you at all but instead talk to a Channel?

Important to ask yourself

Can the Value Proposition be delivered to the Customer this way?
All the way through from promotion, to sale, to post-sale service?

Can you make the numbers work?

Is there a premium support product you need to create/test?

Many companies, like Apple, have rejected the false choice of 'Do we provide phone support or not?' instead offering personal support for a reasonable charge.

Output

Description of Customer Relationships, with notes if they **differ across Customers** (between Segments or among Personas within a Segment) or across the customer journey

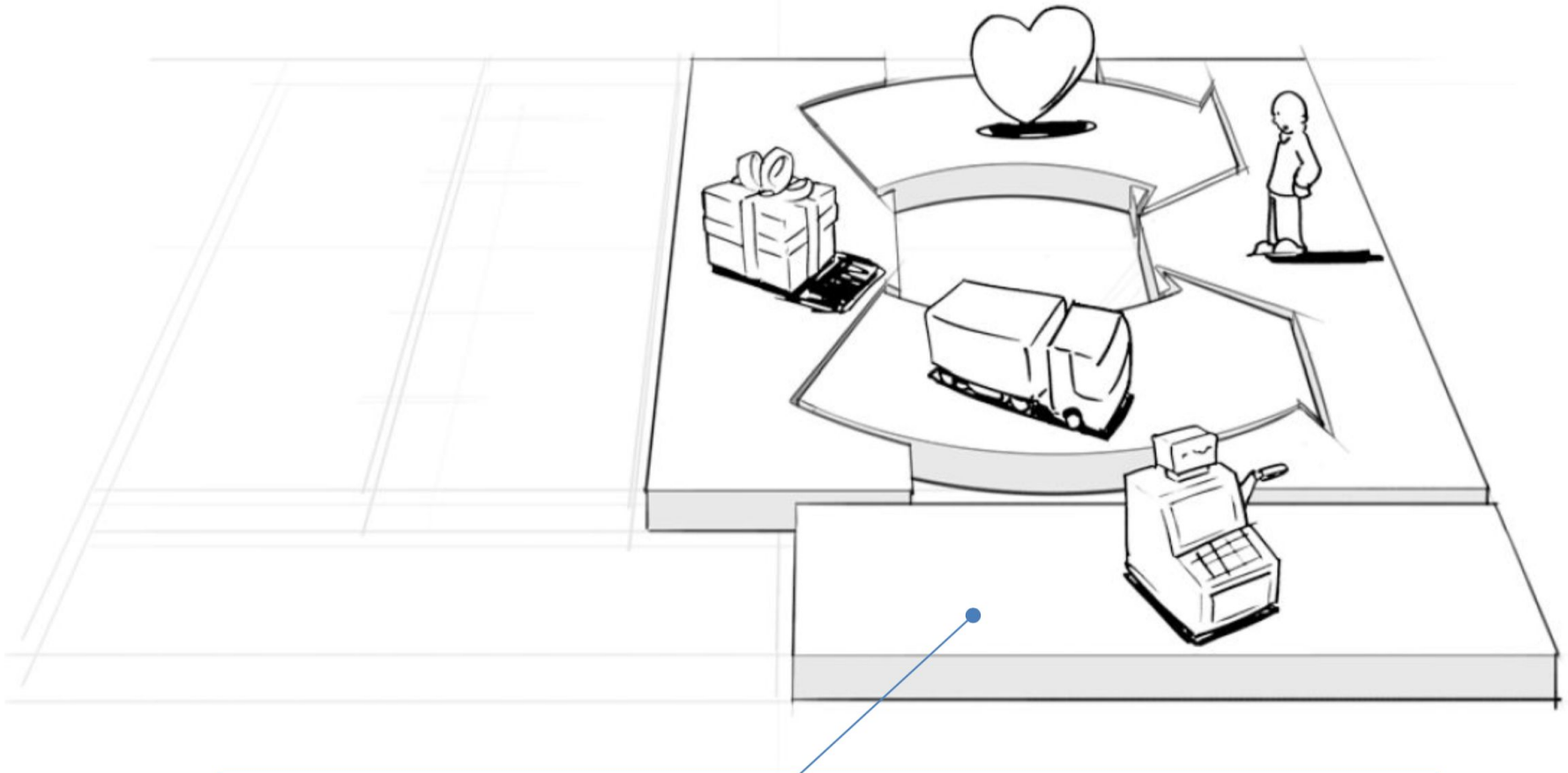
Be sure to document and review critical assumptions here.

Notes

The focal items are in a kind of specific order, **you should validate** your Segments and their relationship to the Propositions above all else.

If this means you provide personal support in the early days to do discovery and validation of Segments and Propositions, that's OK.

Revenue Streams



what are customers really willing to pay for? how?
are you generating transactional or recurring revenues?

Revenue Streams

At this block, you should map Segments to Propositions to Revenue Streams.

Where is the money coming from?



“Keep the change you filthy animal”

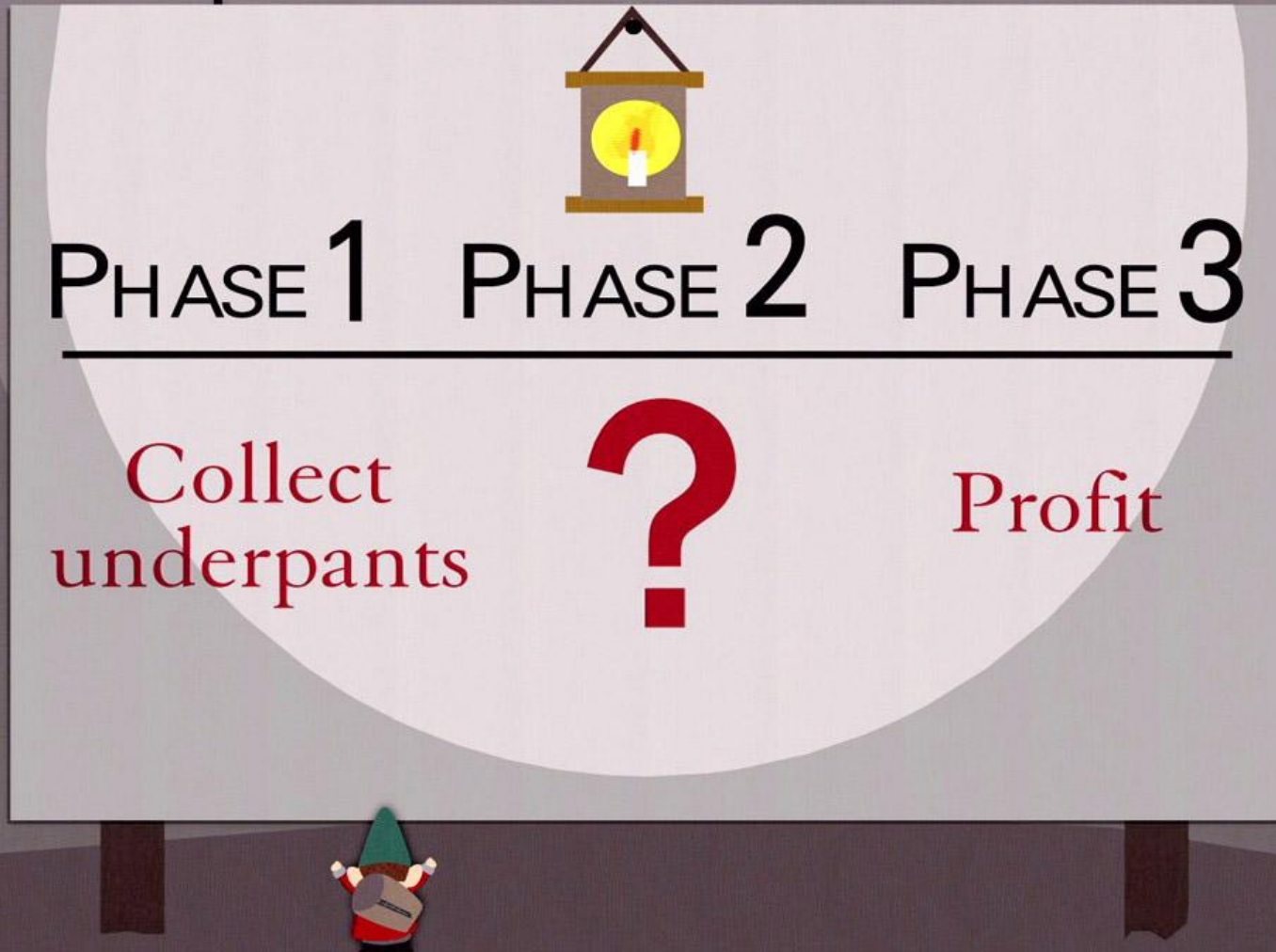
Output

List of Revenue Streams, **linked** (mutually) **to Personas** (or Segments if the mappings are the same within a set of Personas) **and Value Propositions**

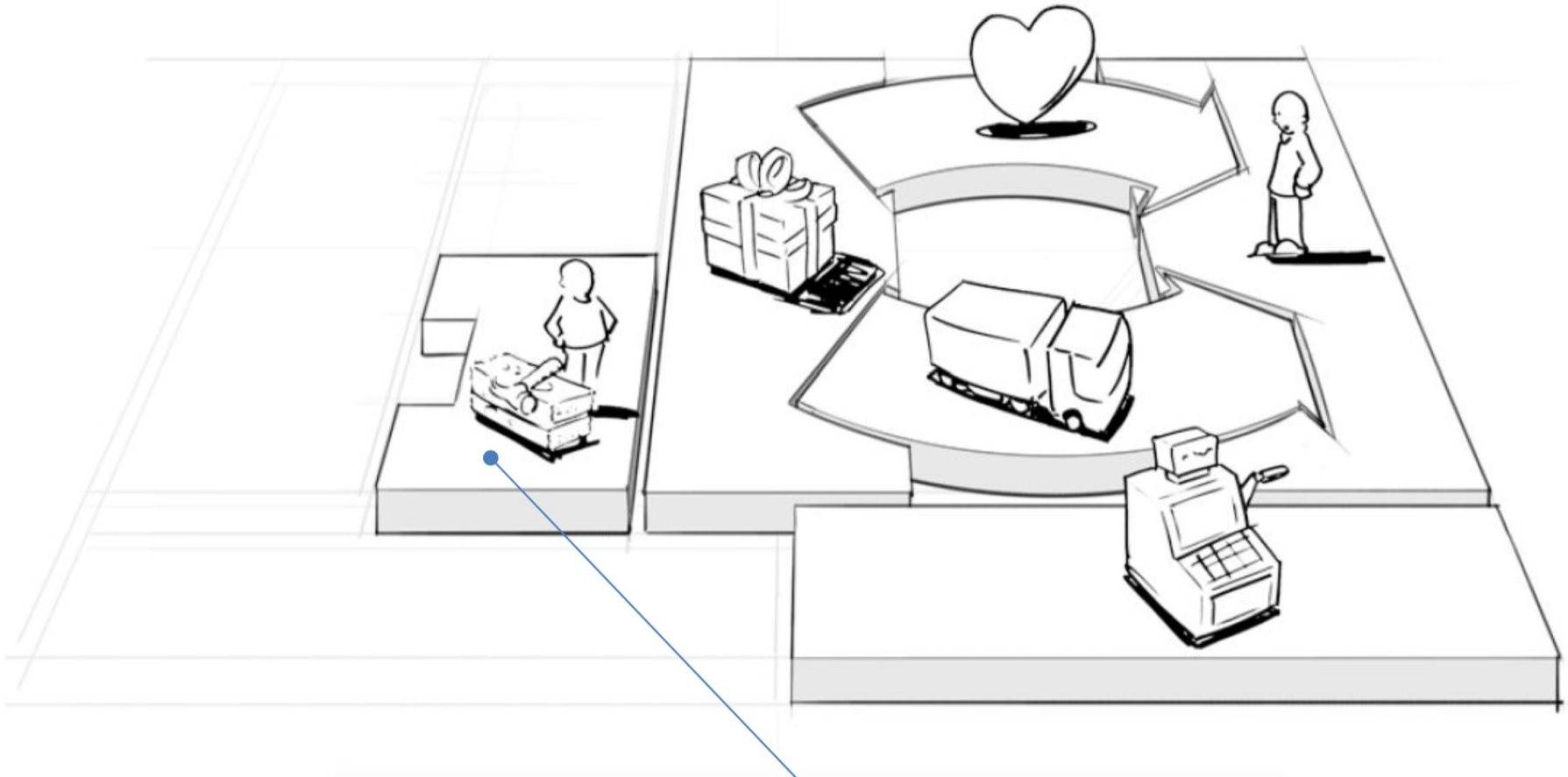


Mr. Data Accumulator

Halfway there!



Key Resources



which resources underpin your business model?
which assets are essential?

Key Resources

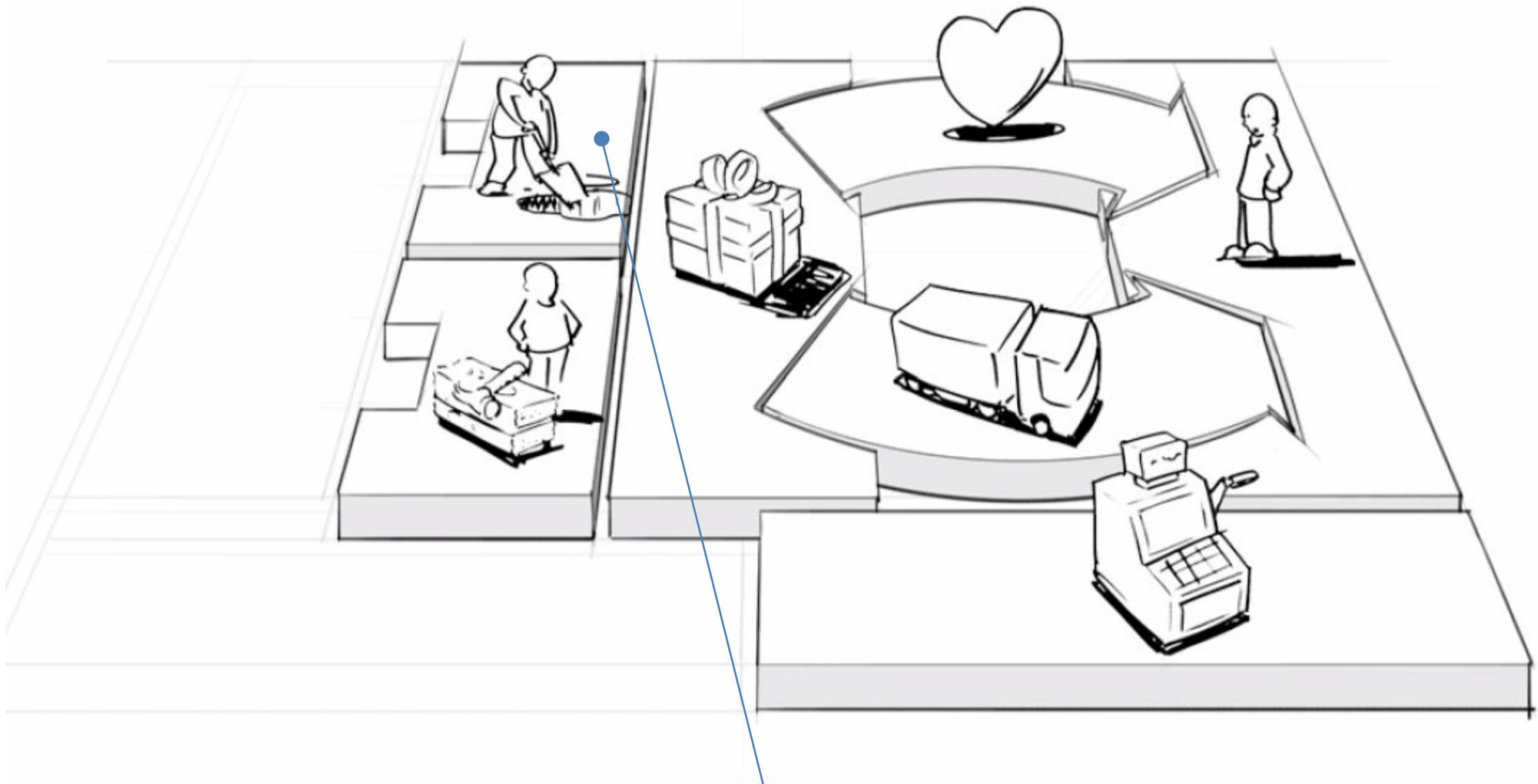
Key resources are the **strategic assets** you need in place, and you need in place to a greater or more targeted degree than your competitors.

*The Business Model Canvas proposes that there are three core business types: **product, scope, and infrastructure**. These tend to have similar types of Key Resources.*

Output

List of Key Resources **linked to** your business'
Key Activities

Key Activities



which activities do you need to perform well in your business model? what is crucial?

Key Activities

These are the crucial things the business **needs to do to deliver** on its propositions and make the rest of the business work

For example, if selling through 3rd parties is part of the model, then activity around channel management is probably pretty important.

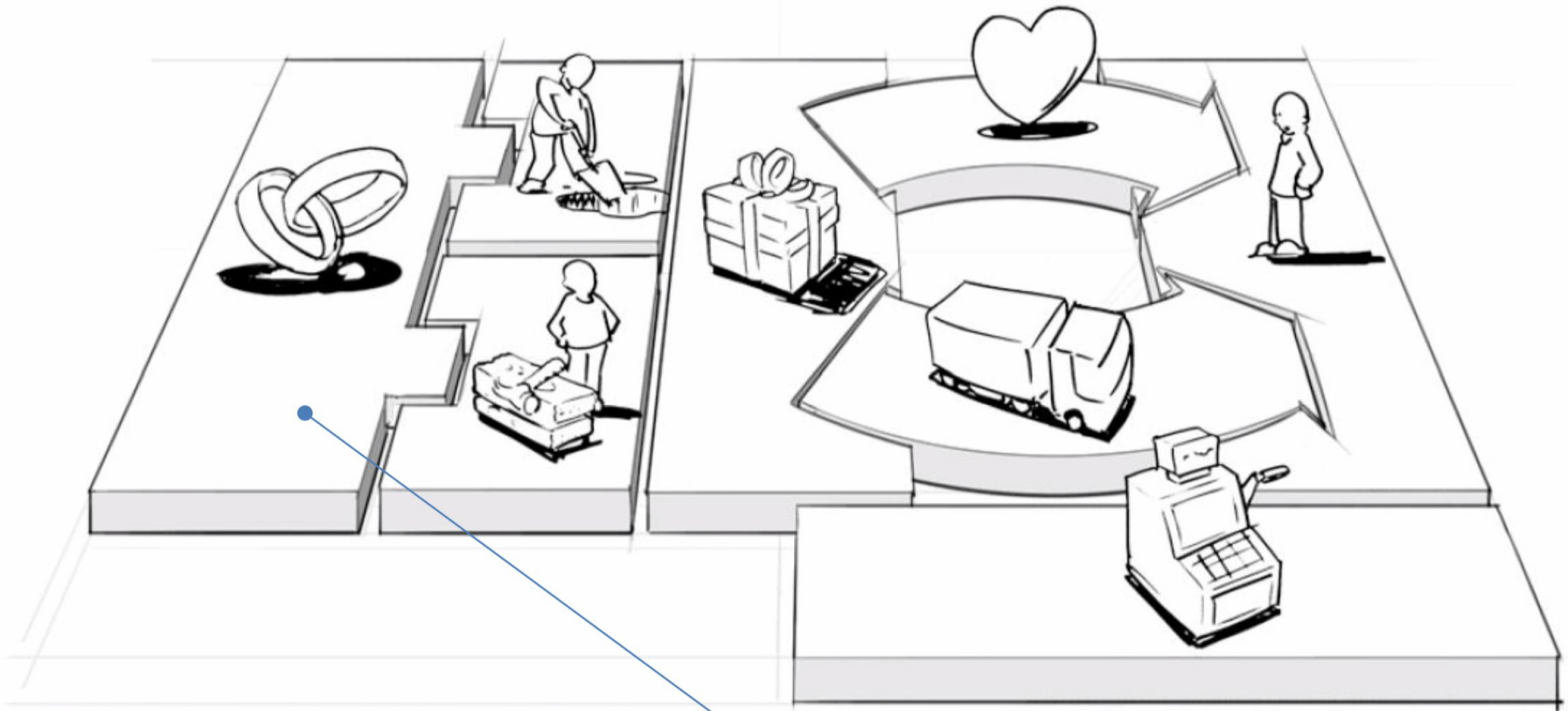
Output

List of Key Activities **linked to** your business'
Value Propositions

Notes

*One question this should raise for you is whether or not certain **Activities** and **Resources** are **actually core, actually focal to your business**, something you'll want to think through*

Key Partners



which partners and suppliers leverage your model?
who do you need to rely on?

Key Partners

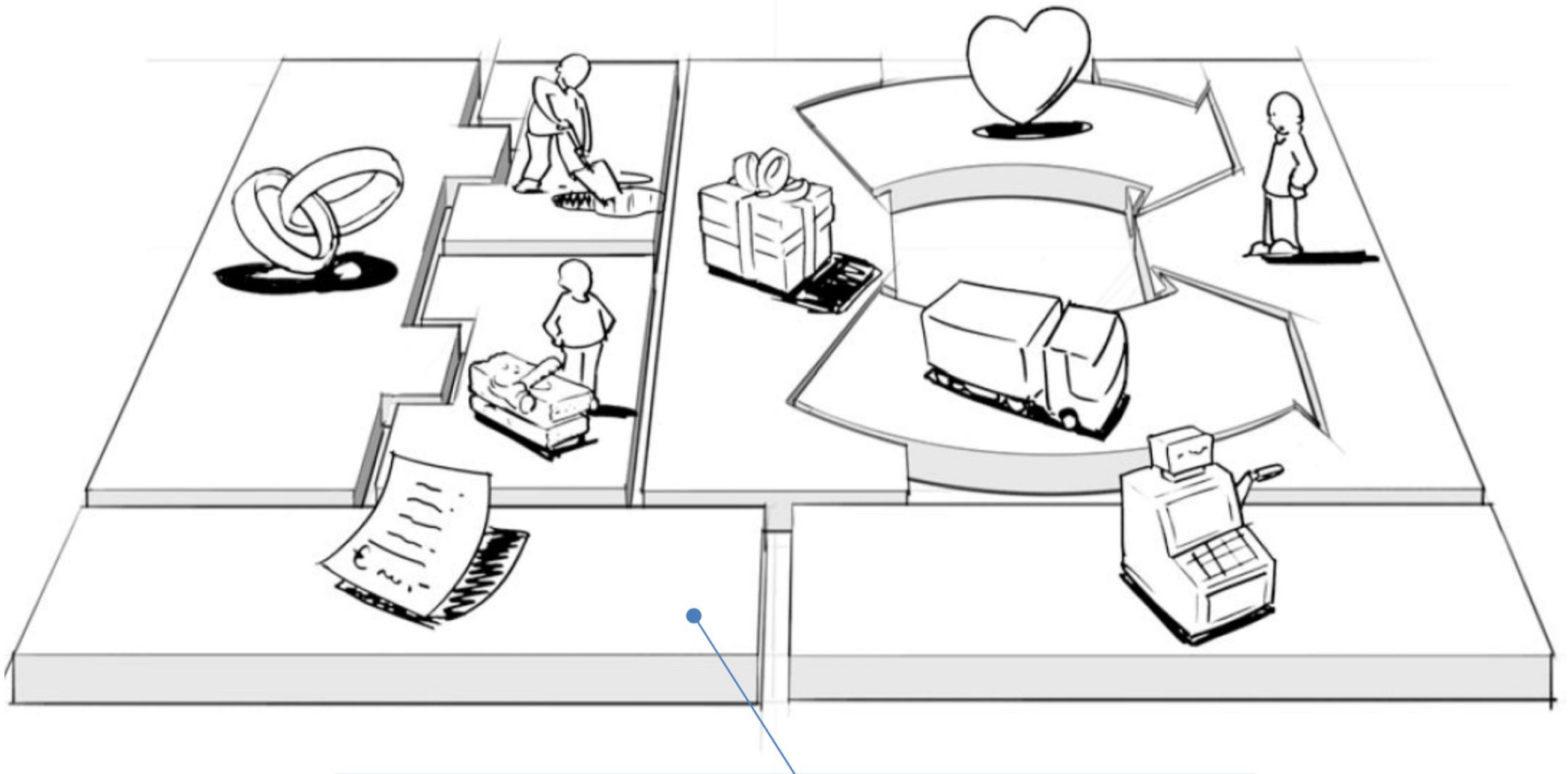
What Activities and Resources are **important but not aligned** with what's uniquely strategy for you? What's outside of your business type? Could partners do some of those? Why? Which?

I recommend mapping Key Partners to Key Activities. If an activity is key, it's still part of your business model. This is a way to denote which specific Partners are handling various Key Activities for you.

Output

List of Key Partnerships with notes on their
relationship to Key Activities

Cost Structure



what is the resulting cost structure?
which key elements drive your costs?

Cost Structure

How your Key Activities drive your propositions and hence your revenue?

How do they drive costs?

Are those costs well **aligned with the key Value Propositions**?

Are the costs more **fixed** or **variable** as you test different business models?

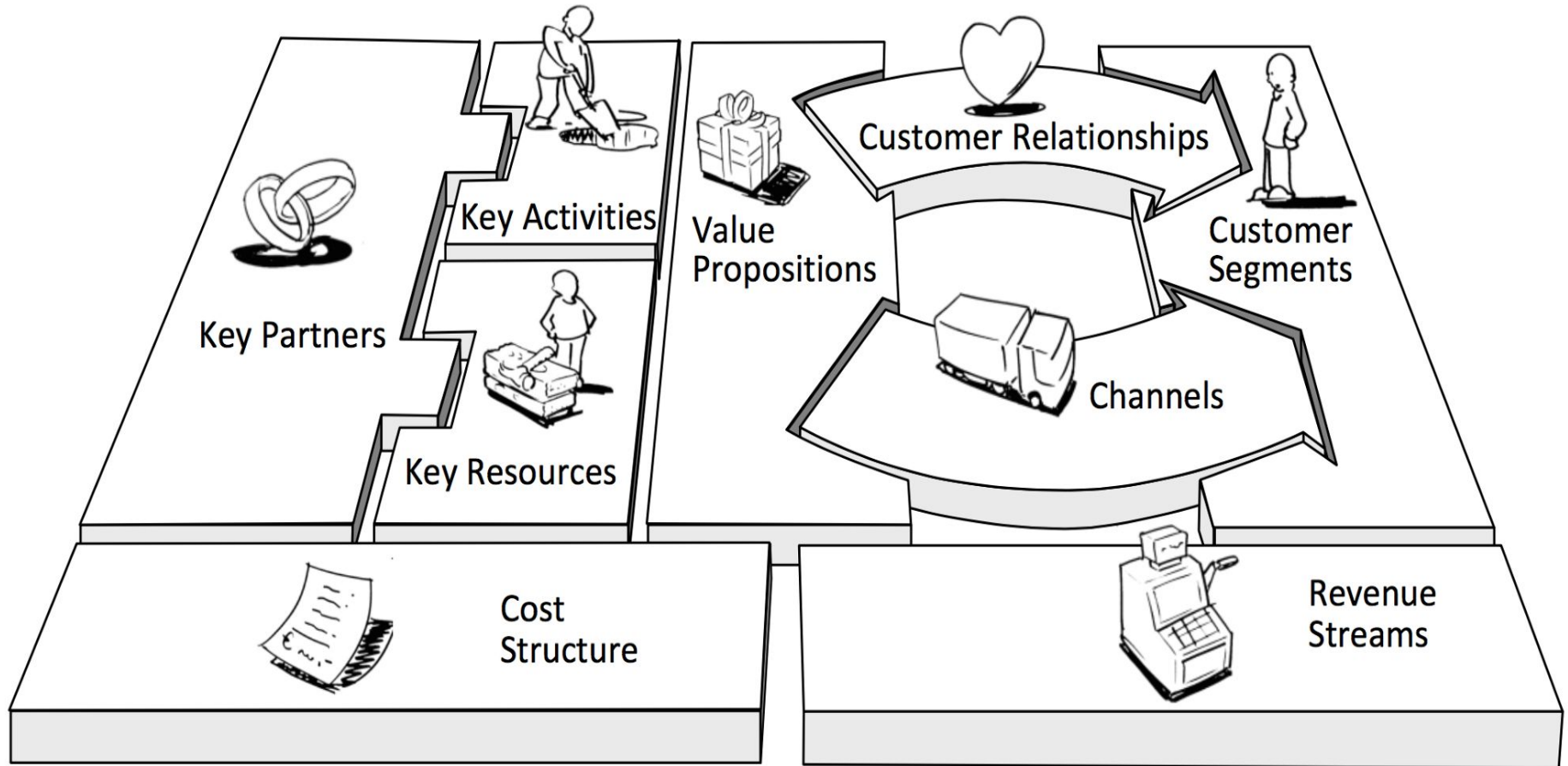
Are they more **linear** with your scaling or more **fixed**?

If there are major cost components that don't map to a Key Activity, I'd take a closer look at those costs.

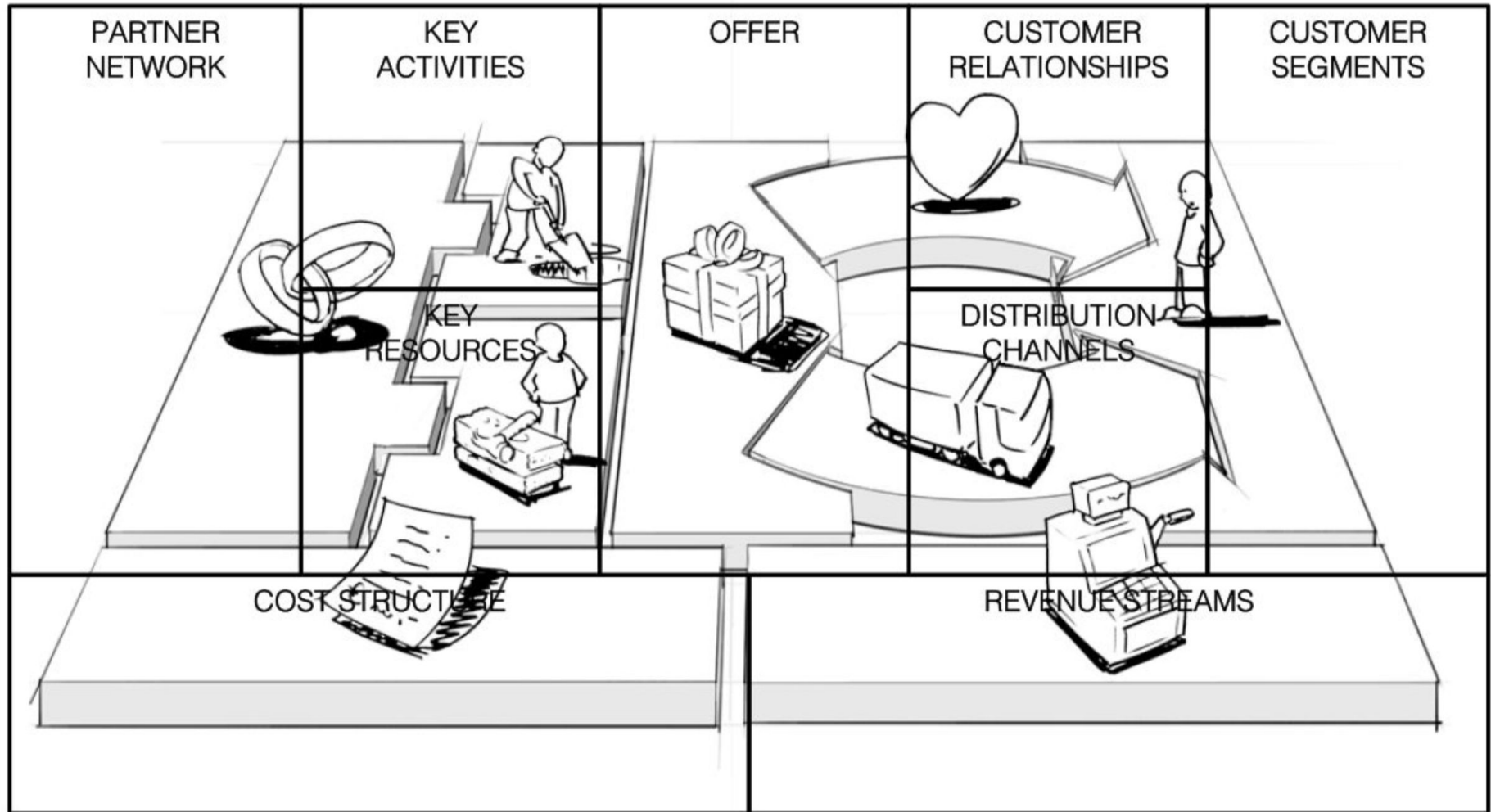
Output

List of Cost Structure elements with notes on their **relationship to Key Activities**

9 Building Blocks












Business Model Canvas

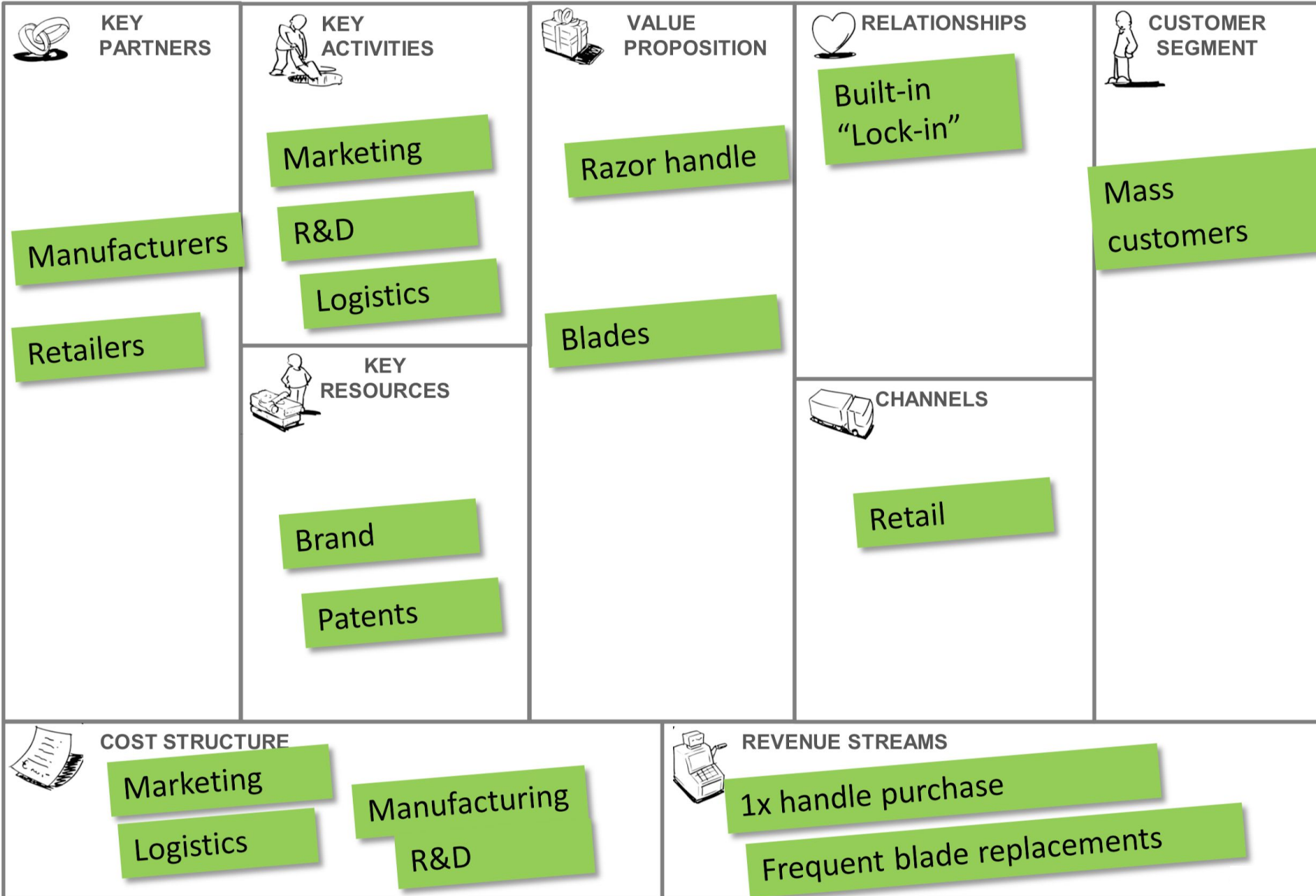


Examples










Gillette: Razor & Blades

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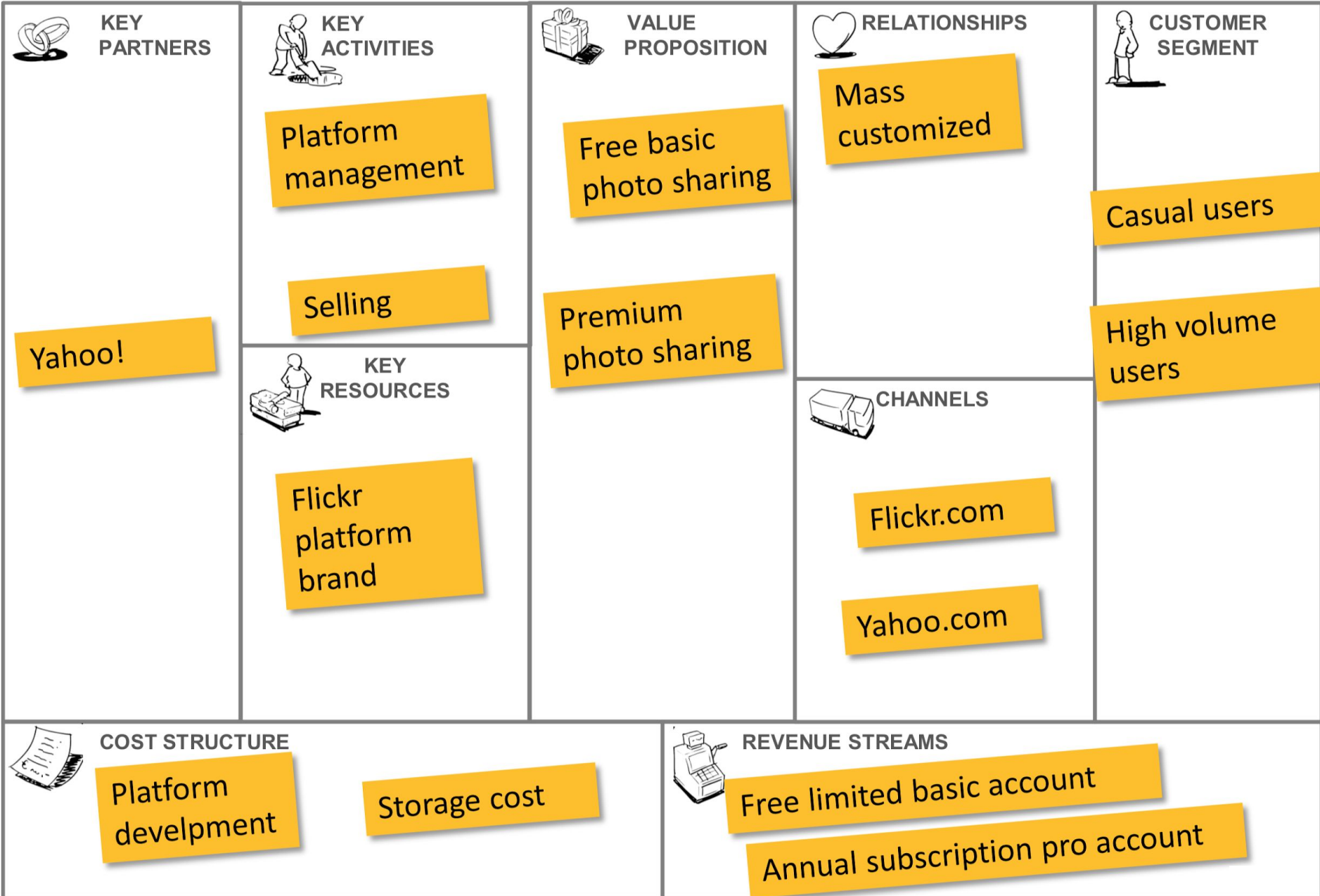
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Flickr: Photo sharing

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Flickr: Photo Sharing



Thank you for your
attention!

See you on the workshops