



Designing a Business

Assignments Workbook

Course Assignments

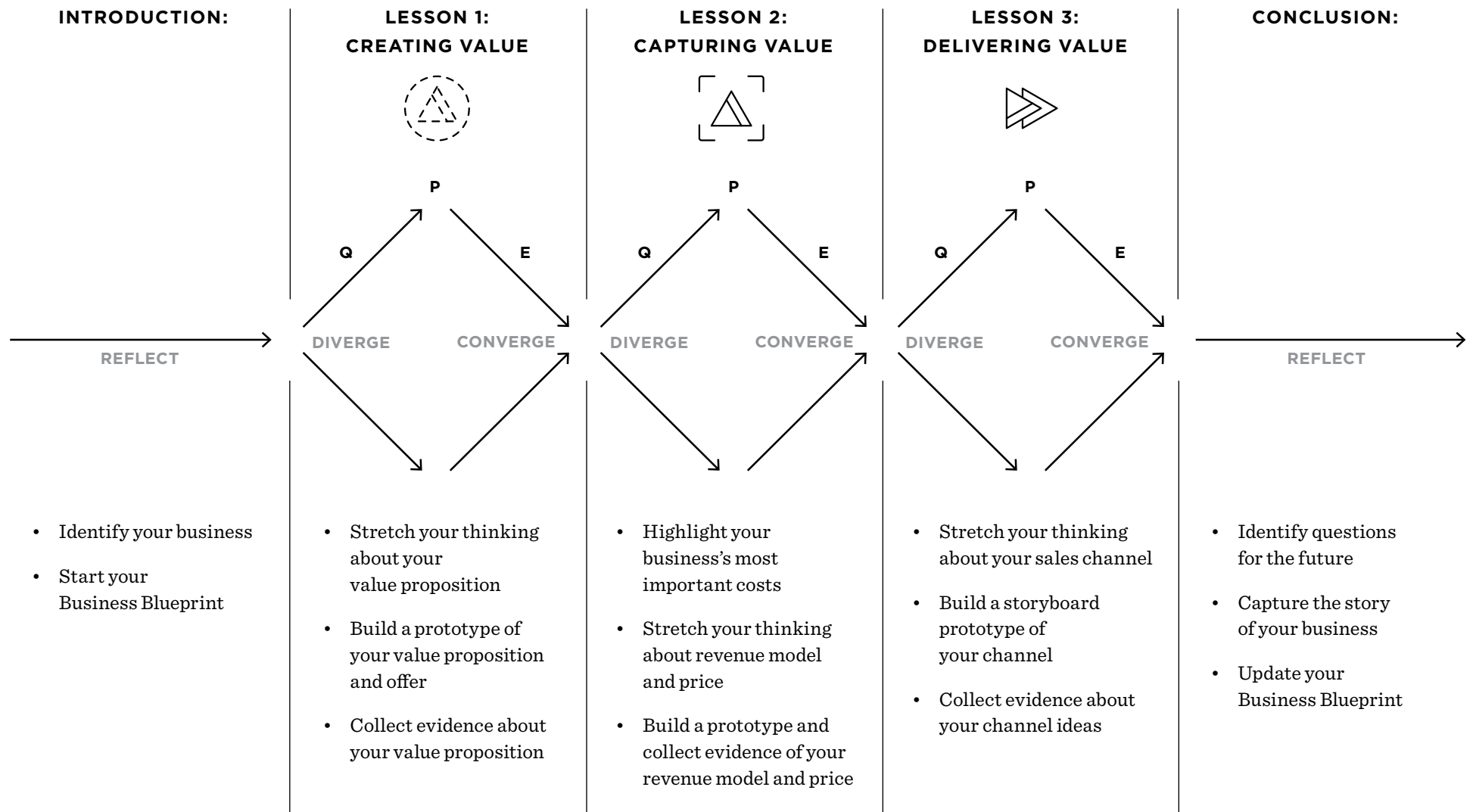
Business Design is an evolving, iterative craft. To help you get into this flow, each lesson contains distinct moments to stretch your thinking (diverge), frame a Question, build a Prototype, collect Evidence, and iterate and evolve your business model (converge).

KEY

Q: *Frame a Question*

P: *Build a Prototype*

E: *Collect Eevidence*



Assignment: Introduction

What's the new business or business line that you want to work on? It could be something from your current role at your company, or an idea that you are hoping to start from scratch.

LESSON 0



RECOMMENDED TIME

30 minutes minimum



REMEMBER

Consider these three criteria when selecting a business to work on:

1. The problem you're trying to solve affects enough people to make a business out of it.
2. You have access to, or prior knowledge about, the people you're hoping to serve.
3. The business you want to start relies on existing technology or capabilities. You're not waiting for a breakthrough in science before it can come to life.

STEP 1: *Identify your business.*

Think about the problem you're trying to solve and who it will most benefit. Write and sketch your answers to the questions.

1.

What problem do you hope to solve? Why is it important?

.....

.....

.....

2.

Who do you think your customers are? Who has the problem you're hoping to solve?

.....

.....

.....

3.

Fill in a sentence to introduce your business to the world.

WE ARE LOCATED IN
(business name) (location)

WE'RE GOING TO
(vision of the business, problem you're solving)

FOR
(ideal customers)



Assignment: Introduction

LESSON 0



PRO TIP

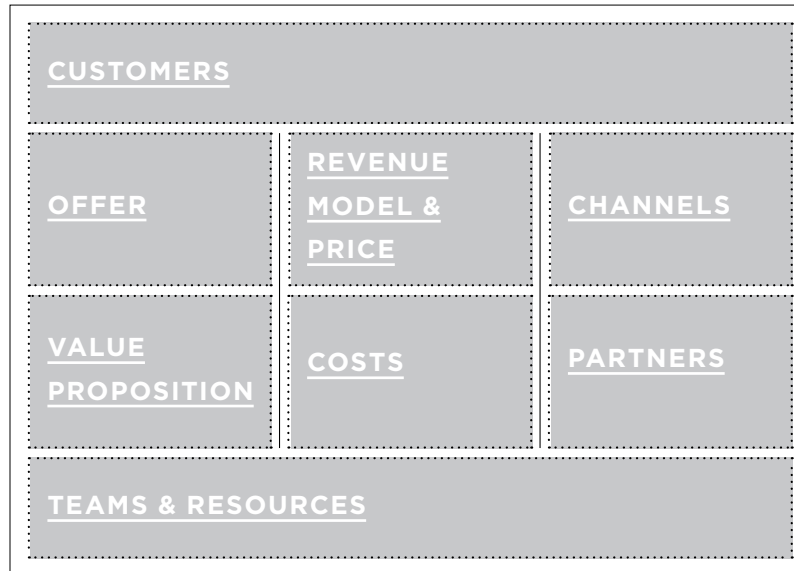
We've provided a working copy of the Business Blueprint on the next page.

Treat it as a prototype—a worksheet for you to capture ideas, edit, and reference later. It's not precious, so mark it up and print new copies as needed.

Keep in mind: Even if you think some of these components are fixed or set in stone, they may not be. Throughout this course, we'll explore ways for you to stretch your thinking. Be ready to iterate all parts of your Business Blueprint.

STEP 2: *Start a Business Blueprint.*

Fill in what you think you know about your business. Even if you're unsure about some of the elements, take some best guesses. Remember, at an early stage, you're not supposed to know them all. We'll help you refine your Blueprint throughout the course.



Business Blueprint

CUSTOMERS

Who are you serving?

OFFER

What product or service will you make and deliver?

REVENUE MODEL & PRICE

How will you make money? How and what will you charge your customers?

CHANNELS

How will you get your offer to customers?

VALUE PROPOSITION

*What customer need(s) are you fulfilling?
What is the unique promise your offer provides?*

COSTS

How much does it cost to create and deliver your offer?

PARTNERS

What key relationships and systems will help you create and deliver your offer?

TEAM & RESOURCES

What skills/capabilities/resources will you need?



Assignment: Creating Value

Your value proposition is the essence of your business and helps your customers choose (and buy from!) you. Stretch your thinking about your business's value proposition, build a prototype to test it, and collect evidence to refine it.

LESSON 1



RECOMMENDED TIME

1 hour minimum



REMEMBER

A great value proposition is:

Insightful.

It represents deep familiarity or insight into the people you serve and meets their functional and emotional needs.

e.g. workout gear that not only wicks away sweat, but also looks good when you're working out.

Unique.

It points to something that you—and only you—can provide. Customers simply can't get it anywhere else.

e.g. Revolution Foods' unique advantages of resources and deep expertise in providing nutritious food at scale.

Targeted.

Better to have 100 people fall in love with your offer than to have 1,000 people feel lukewarm about it.

STEP 1: *Stretch your thinking around your value proposition.*

INSIGHTFUL

What do you understand about your customer's needs, that your competitors don't?

.....

.....

UNIQUE

What do you do (or have) that no one else does, and can't easily acquire?

.....

.....

TARGETED

Who will be super-passionate about your business?

.....

.....

STEP 2: *Based on your thinking above, write down three different value propositions for your business.*

OUR CUSTOMERS WILL CHOOSE OUR BUSINESS BECAUSE...

.....
(version one value proposition)

.....
(version two value proposition)

.....
(version three value proposition)



Assignment: Creating Value

LESSON 1



PRO TIP

If you're considering different value propositions, construct an ad for each to try them out.

STEP 3: Build a prototype of your value proposition.

Pick a value proposition to start with and construct a digital ad that brings it to life. Try to include details that help people understand why they should choose your business.

Sponsored

(Company name)

(Attention-grabbing title)

(Sketch an image that helps convey your value proposition)

(Call to action)

(One sentence that describes your value proposition)

200 Likes 25 Comments 109 Shares



Assignment: Creating Value

LESSON 1



PRO TIP

The more evidence, the better.

As Business Designers, we always try to get as much feedback as we can about our customer's behaviors (beyond their words).

For example, to test value propositions at this stage, we might actually post digital ads for a day and measure sign-ups or preorders. We encourage you to push your prototypes out to as many of your target customers as you can. You will learn a lot.

STEP 4: *Collect evidence about your value proposition.*

To answer the question: “Does my value proposition resonate with people?!” conduct a silent interview by handing your ad to someone who represents your desired customer. Before you show them your ad, ask them to consider:

- What is this business about?
- Who is it for? Who is it not for?
- What are you drawn to? What are you unsure about? What could make it better?

Then show them the ad, but don't say anything—only listen and observe.
Capture what they tell you below.

LIKES

DISLIKES

IDEAS

QUESTIONS



Assignment: Creating Value

LESSON 1



PRO TIP

Get your prototype in front of people.

Once you have a prototype of your offer, take it out into the world to gather evidence.

This can be as simple as showing it to three friends, bringing it to work and telling people it's for a friend's business, or taking it out to where your target customers congregate.

Remember that you're looking to collect evidence to learn if this offer meets the needs of the people you're trying to serve. Get as much information from customers as you can. At this stage, the stakes are low, and the learnings are invaluable.

With some idea of your value proposition, it's time to start thinking about your offer. This will be your first attempt at what your business will do or produce. (Remember, no business gets its offer design right the first time.) For this course, you will build a tangible prototype of an offer, then collect evidence about it by sharing with others.

STEP 5: *Build a prototype of your offer.*

Choose one of the following ways to build a prototype of your offer.

1. *Sketch it.*

Sketch your offer and include details about your customer, their needs, and how your offer connects to your value proposition.

2. *Build it.*

Your business has been handed a box of standard art supplies, sticky notes, and some paper. In less than 30 minutes, craft a physical representation of your offer.

Get creative to make either:

- The packaging for your offer (product)
- A schematic or mock-up of your offer (service)

Tip:

Focus on the features of your offer that support your value proposition and distinguish it from competitors. Make this as tangible and real as you can, while staying true to your value proposition.

3. *Sell it.*

Your business has won an opportunity to place a video or audio infomercial with a local TV or radio station. It's a one-minute spot that will run one time.

- What will your ad be? What messages and features will you highlight? Who are you trying to reach?
- Write the script, then record yourself (or others) reading or acting it out.



Assignment: Creating Value

LESSON 1



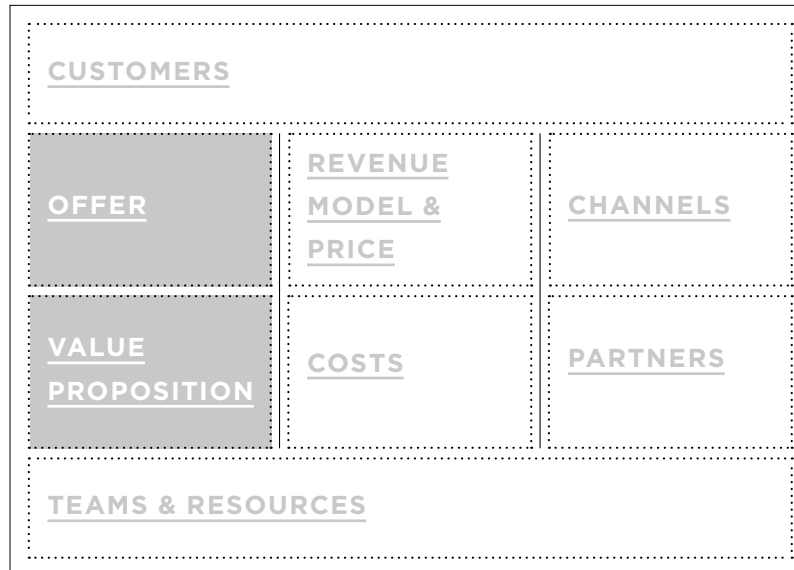
PRO TIP

From the work you've done, you may find that you have more confidence in some parts of your Business Blueprint, while you have more questions about others. That's the point of using a tool like the Business Blueprint—you can see how each part affects the others, and then identify new areas to question, prototype, and collect evidence. Keep going!

STEP 6: *Update your Business Blueprint.*

You've learned more about your value proposition and offer—that's amazing work. Revisit your Business Blueprint and reflect on what you've learned. You're likely in a different (and more informed!) place than when you started.

OUR CUSTOMERS WILL CHOOSE OUR BECAUSE
(offer)
.....
(value proposition)



Assignment: Capturing Value

LESSON 2



RECOMMENDED TIME

1 hour minimum

With your value proposition and offer in mind, it's time to think about revenue model and price. In this lesson, first take stock of other businesses that produce an offer similar to yours. Next, review some of your business's most important costs and then stretch your thinking about your revenue model and price. Then, build a prototype and collect evidence to help you further refine how and how much your customers will pay.

STEP 1: *Identify businesses that produce an offer similar to yours.*

To begin to think about revenue model and price, look out to the world to understand how other companies are charging for similar products or services. Research three companies, and capture what you learn below.

SIMILAR PRODUCT OR SERVICE	REVENUE MODEL (WHO PAYS, WHEN)	PRICE RANGE	NOTES (What are moments of friction in this payment process? Who are other stakeholders who might provide revenue to this business?)



Assignment: Capturing Value

LESSON 2



PRO TIP

Create your offer

Think about:

- Equipment, components, and/or ingredients
- Space for building/creating/storing your offer
- People to build or produce your offer
- New or existing technology, processes, and infrastructure

Get your offer to customers

Think about:

- Moving your offer to where it's purchased
- Rental, ownership, licensing, or partnership costs to distribute your offer
- Displaying or housing of your offer



REMEMBER

You will start with getting some idea about your business's most important costs.

As you develop your business, you will continue to estimate all of your costs and research and prototype to learn more about them.

STEP 2: List and prioritize your business's most important costs.

At this early stage, take a first pass at listing your business's most important five to ten costs. Getting these out of your head and onto paper will help you see some truths about your business. Then designate the ones that most *differentiate* your offer (D), feel *flexible* (F), or feel *set*, outside of your control (S). If you worked on the spreadsheet included in this lesson, you should have this information on-hand.

CREATE YOUR OFFER

(the resources and people needed to build or create your offer)

COST DESCRIPTION

D F S

.....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
.....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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.....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

GET YOUR OFFER TO CUSTOMERS

(the resources and people needed to distribute and sell your offer)

COST DESCRIPTION

D F S

.....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
.....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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Now fill in the following.

TO FULFILL OUR VALUE PROPOSITION, OUR MOST IMPORTANT COSTS INCLUDE ,
(costs)
..... , AND
(costs) (costs)



Assignment: Capturing Value

LESSON 2



PRO TIP

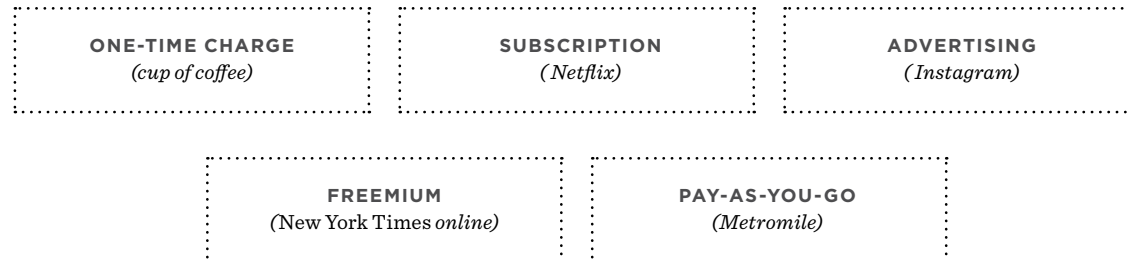
To expand your thinking on price, consider what other companies charge for similar offers and what your business's most important costs will be.

Also consider the deeper emotional or social needs that your offer serves. Could you charge more for fulfilling these needs? If you look outside of your industry and can identify other companies who are serving similar needs, you can see what they're able to charge relative to their competition.

e.g. Cirque du Soleil providing entertainment that feels more like a high-end theater experience than a circus.

STEP 3: Stretch your thinking about revenue model and price.

Pick three different revenue models that are 'Typical', 'Stretch', and 'Wild Idea', either from the ones below or from others out in the world. Try to think as expansively as possible, even if you feel like they might be crazy ideas — that's the point! For each, fill in your price range, frequency, and paying customers/stakeholders/partners.



TYPICAL

REVENUE MODEL:

WE WILL GET PAID

.....
(price range)

PER

.....
(frequency)

BY

.....
(customers/stakeholders/partners)

STRETCH

REVENUE MODEL:

WE WILL GET PAID

.....
(price range)

PER

.....
(frequency)

BY

.....
(customers/stakeholders/partners)

'WILD IDEA'

REVENUE MODEL:

WE WILL GET PAID

.....
(price range)

PER

.....
(frequency)

BY

.....
(customers/stakeholders/partners)



Assignment: Capturing Value

LESSON 2

STEP 4: *Build a prototype of your revenue model and price.*

Create a rate sheet for your business by filling out information you compiled earlier, and the features of your three revenue models and prices. You will use this to test with potential customers.

WE ARE LOCATED IN
(business name) *(location)*

WE'RE GOING TO
(vision of the business, problem you're solving)

FOR
(ideal customers)

OUR CUSTOMERS WILL CHOOSE OUR BECAUSE
(offer)

.....
(value proposition)

.....
(plan one)

YOU GET

.....
(features of the plan)

AND THIS WILL COST

.....
(price range)

EVERY
(frequency)

.....
(plan two)

YOU GET

.....
(features of the plan)

AND THIS WILL COST

.....
(price range)

EVERY
(frequency)

.....
(plan three)

YOU GET

.....
(features of the plan)

AND THIS WILL COST

.....
(price range)

EVERY
(frequency)



Assignment: Capturing Value

LESSON 2



PRO TIP

We know that the IDEO U community may not be your target customers, but use this group as an initial sounding board for your revenue models.

If you're up for it, find more ways to get feedback on your rate sheet. As with other parts of this course, the closer you can get to your target customers, the better.

STEP 5: *Collect evidence about your revenue model and price.*

To answer the question “Which revenue model most appeals to people?”, submit your rate sheet to the IDEO U course community. Encourage people to comment and select the revenue model and price that most appeals to them (and do the same for others). Write down specific feedback below. Some questions to help you do so:

- What stood out about your different revenue models?
- Did a new way to pay help fulfill other needs for your customers?
- What new questions popped up about your revenue model and price range?

LIKES

DISLIKES

IDEAS

QUESTIONS



Assignment: Capturing Value

LESSON 2



PRO TIP

Setting your revenue model and price is part art, part science. Through this work, you have begun to build ideas of how and how much to charge people for your offer.

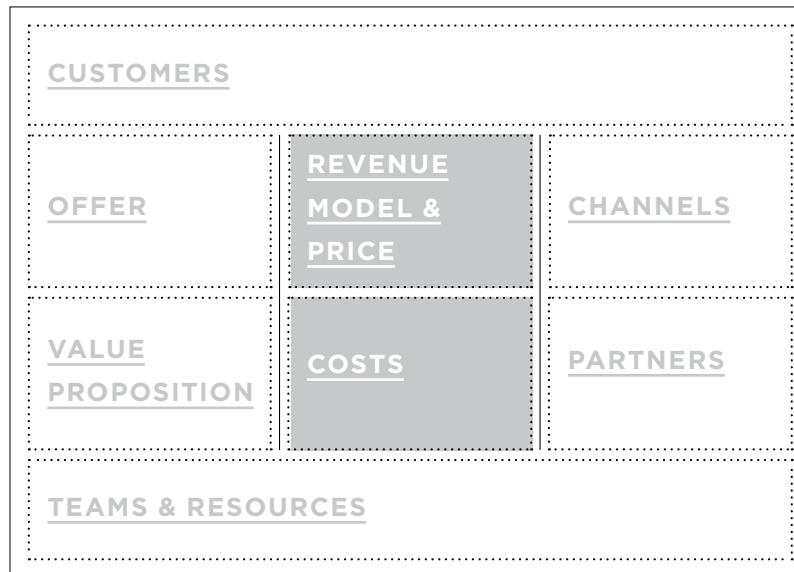
At the same time, you've also started to learn more about the most important costs for your business.

STEP 6: *Update your Business Blueprint.*

You've gotten more information about your revenue model, price, and costs. Reflect on what people responded to, and why. How does this shift your thinking? Revisit your Business Blueprint and update it based on what you've learned.

WE WILL GET PAID EVERY BY
(price) (frequency) (customers/stakeholders)

TO FULFILL OUR VALUE PROPOSITION, OUR MOST IMPORTANT COSTS INCLUDE ,
(costs)
..... , AND
(costs) (costs)



Assignment: Delivering Value

LESSON 3



RECOMMENDED TIME

1 hour minimum



PRO TIP

At this stage, stay open to possibilities to stretch your channel, knowing that not all of these innovations can be done right away. Don't ground your ideas before they get a chance to take off. If a good idea surfaces, you may be able to unlock new ways to bring it to life.

Often, we think of channel as locked, with no room for creativity. But this is a moment that's so close to your customers! Design it to unlock more value for them and your business. Stretch your thinking about different ways that you could use your channel. Sketch a storyboard prototype that captures key moments around your channel and collect evidence about which ideas most resonate with people.

STEP 1: *Stretch your thinking about your sales channel.*

Answer the questions below, using the guiding statements and examples to help you think differently about your channel.

HOW MIGHT YOU MEET MORE CUSTOMER NEEDS?

Create new contact with customers at different times or places, or use your existing channel to meet other needs for your customers.

e.g., breakfast at Taco Bell, Dollar Shave Club for other products beyond razors.

.....

.....

.....

.....

HOW MIGHT YOU BUNDLE AND PARTNER?

Find new ways to bundle your offer with others, or work with partners to provide completely new offers that make use of your complementary strengths and assets.

e.g., NY Metropolitan Opera delivering live streams to movie theaters.

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.....

HOW MIGHT YOU MOVE DIRECT TO CONSUMERS?

Bypass intermediary channels to capture more revenue and have a closer relationship to your customer

e.g., Casper mattresses selling and shipping direct to customers and avoiding mattress retail stores.

.....

.....

.....

.....

HOW MIGHT YOU CONSIDER THE FUTURE?

Envision how you might deliver your offer to customers in the future.

e.g., smart home devices, 3D manufacturing, autonomous delivery.

.....

.....

.....

.....



Assignment: Delivering Value

LESSON 3



REMEMBER

All of your ideas for your channel may have value for your customers. Keep them handy, because you may return to them in the future.

Also, some of your moments may start to feel more like marketing and less like sales. That's okay; All of these ideas have the same goal: to deliver more value to your customers.

STEP 2: *Sketch a storyboard prototype that captures key moments of your channel innovations.*

Write and sketch the most important moments for two of your channel ideas. These might be moments when customers consider, buy, or use your offer. Be sure to include compelling, surprising, or joyful moments that will bring more delight to your customer's experience.

CHANNEL IDEA 1:

CONSIDER:

BUY:

USE:

CHANNEL IDEA 2:

CONSIDER:

BUY:

USE:



Assignment: Delivering Value

LESSON 3



PRO TIP

It can feel difficult to collect evidence about your channel. One great way Business Designers push their thinking is to get in touch with potential channel partners. Though it can feel a little uncomfortable to reach out to a channel owner or a potential partner, having an email exchange or a 20-minute conversation can enlighten your thinking, hone your ideas, and provide insight for your business.

STEP 3: *Collect evidence about your channel innovation ideas.*

To answer the question “What channel ideas provide the most value to my customers?” describe your key moments to at least three potential customers or channel partners. Reflect on what you hear from your audience and capture it here.

LIKES

DISLIKES

IDEAS

QUESTIONS



Assignment: Delivering Value

LESSON 3



PRO TIP

Remember, ideas for your channel require not only understanding the needs of your customers, but also knowing what's in it for channel partners as well.

The good news? Often, the goals of possible channel partners are straightforward: to increase the draw of customers and move more units of their other products or services. Aligning with their interests may be as simple as showing them how a partnership would increase sales for both of you.

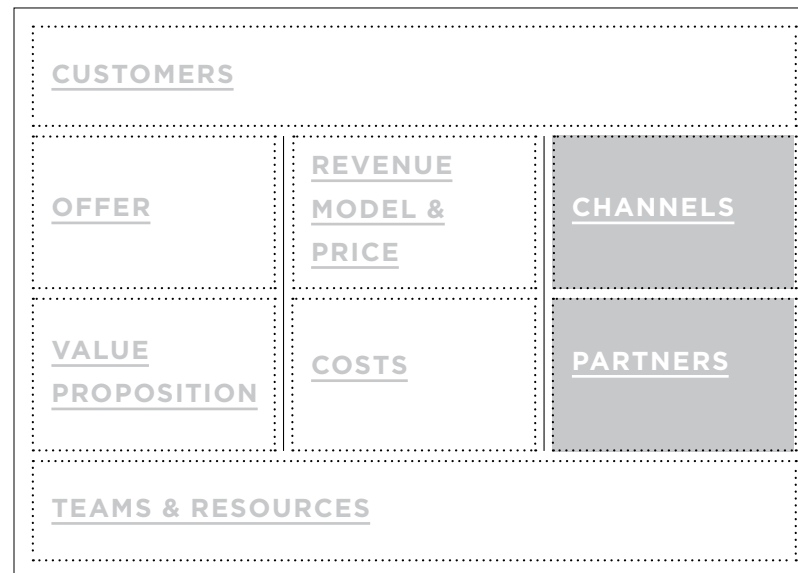
STEP 4: *Update your Business Blueprint.*

With feedback about your channel, reflect on what moments people cared about, and why.

How does this expand your thinking about what you could offer, and how might you use channel to deliver more value to your customers? Revisit your Business Blueprint and update it based on what you've learned.

PEOPLE CAN BUY OUR OFFER AT/ON/IN DURING
(what channels, where) (when)

AND WITH
(bundles or partners)



CONCLUSION

Final Reflection

The world needs more great businesses that are committed to creating, capturing, and delivering real value for their customers. To wrap up this course, answer questions about the future, and return to your Business Blueprint and the story of your business.

STEP 1: *Answer questions about the future of your business.*

Think about the next big assumptions you have about your business. Reflect on everything you have thought about, built, and learned. What’s next?

What big questions do you still have?

.....

.....

.....

.....

What prototypes can you build to answer them?

.....

.....

.....

.....

What evidence will you collect? What will need to be true to continue to bring this business to life?

.....

.....

.....

.....

Final Reflection

CONCLUSION

STEP 2: *Update the story of your business.*

Fill in the next version of your business narrative. If you're feeling up to it, read it aloud to people!

This is a great way to get initial reactions and start to hear yourself talk about your business.

WE ARE LOCATED IN
(business name) (location)

WE'RE GOING TO
(vision of the business, problem you're solving)

FOR
(ideal customers)

OUR CUSTOMERS WILL CHOOSE OUR BECAUSE
(offer)
.....
(value proposition)

WE WILL GET PAID EVERY BY
(price) (frequency) (customers/stakeholders)

TO FULFILL OUR VALUE PROPOSITION, OUR MOST IMPORTANT COSTS INCLUDE ,
(costs)

..... , AND
(costs) (costs)

PEOPLE CAN BUY OUR OFFER AT/ON/IN
(what channels, where)

DURING , AND WITH
(when) (bundles or partners)



Final Reflection: Conclusion

Revisit your Business Blueprint. Reflect on what you learned about your value proposition and offer.

CONCLUSION



REMEMBER

Your Business Blueprint isn't meant to be framed and put on the wall, or to collect dust high on a shelf. It's a living document — so keep working on it until you've thought through, prototyped, and tested all of the parts of your business.

STEP 3: *Update your Business Blueprint.*

If your blueprint is starting to show wear and tear, great! It's serving its purpose.

But if you want to keep things orderly, print another one, and capture your latest thinking.

But don't throw away your old versions, they may come in handy down the road.

