



BUSINESS MODEL GENERATION

Summarized by: Th.M.S

INTRODUCTION

- Business model describes how the businesses generate, capture and deliver value.
- It consists of 9 building blocks.
- Reviewing the business model is crucial obtain a deeper insight on the business processes.
- Nine building blocks of business model are—customer segments, value proposition, channels, customer relationship, revenue stream, key resources, key activities, key partners, cost structure.

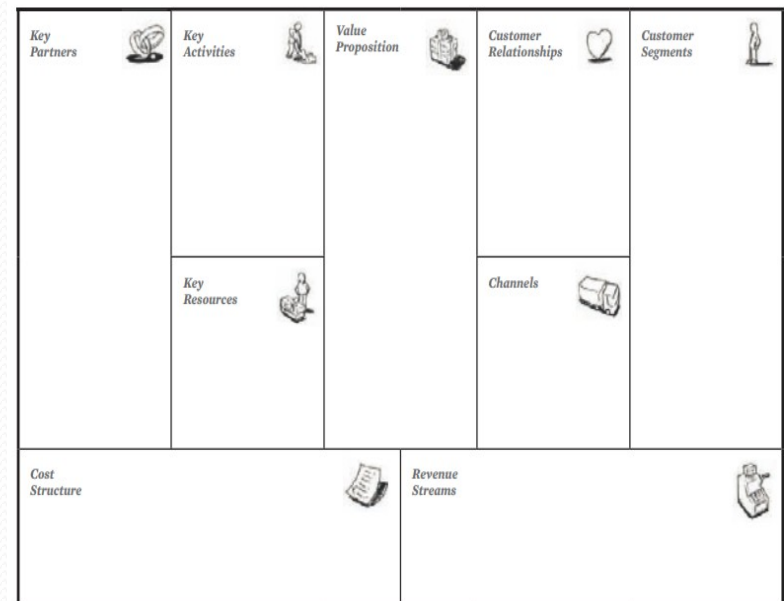
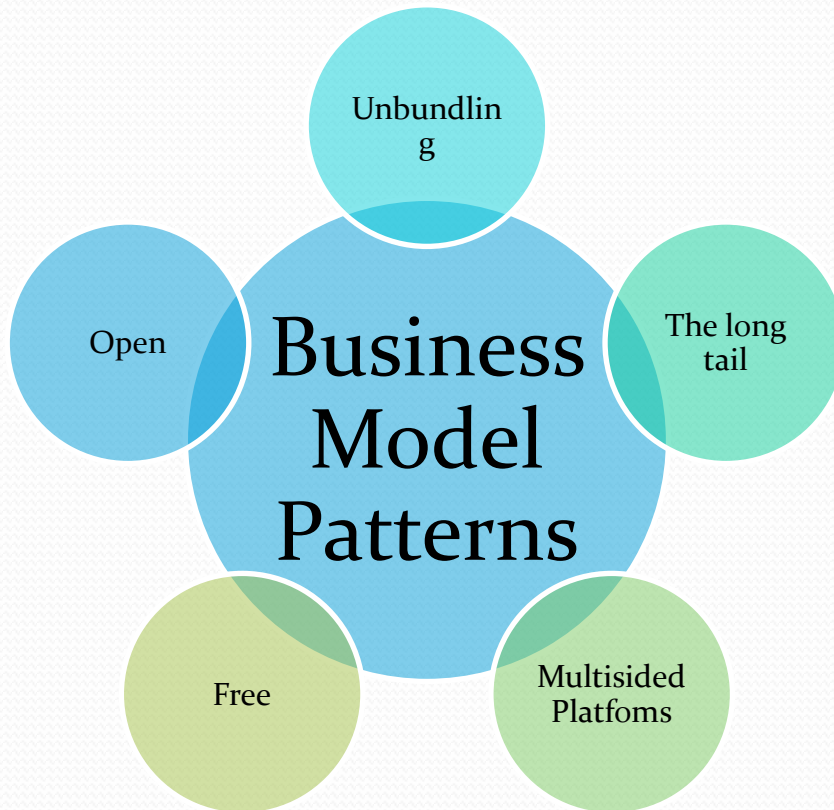


Figure 1: Business Model Canvas
(Source: Osterwalder & Pigneur, 2010, pp-44)

Patterns



- The patterns indicate similarities and dissimilarities among business models.
- 5 patterns are—
- Unbundling, Long tail, Multisided, Free and Open.

Figure 2: Business Model Patterns

(Source: Osterwalder & Pigneur, 2010, pp-56)

Design

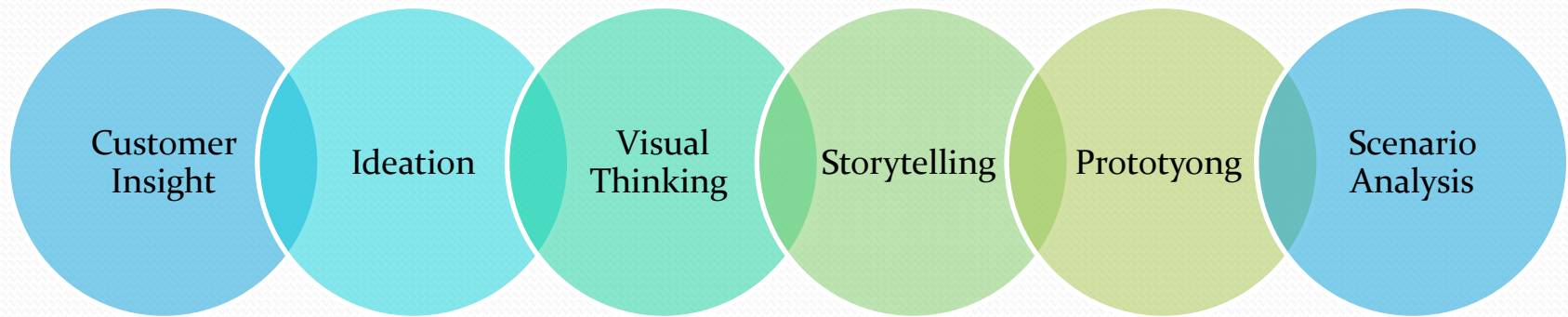
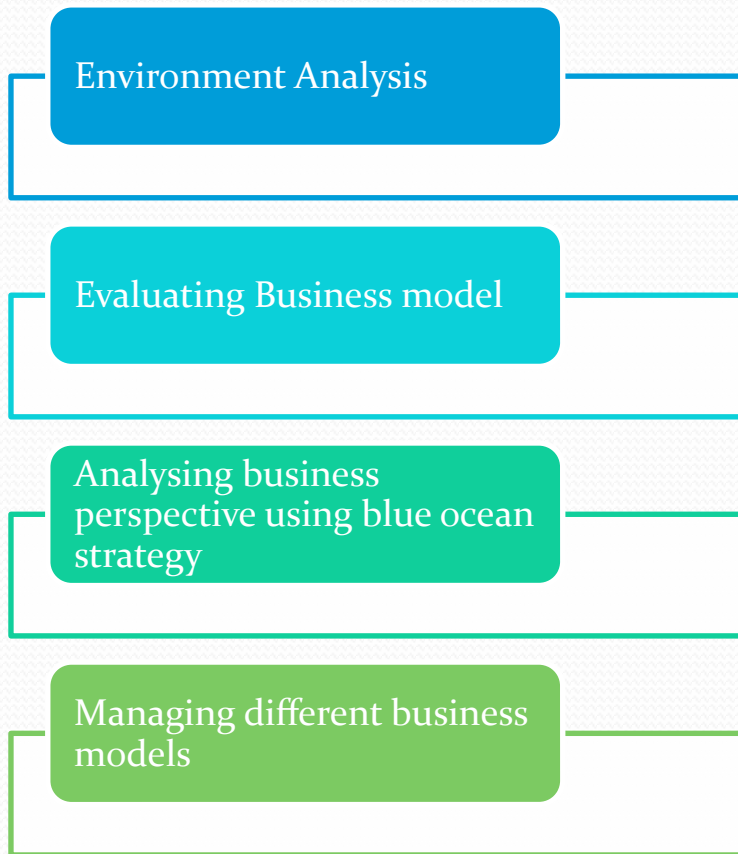


Figure 3: Business Model Design Techniques

(Source: Osterwalder & Pigneur, 2010, pp-126)

- Design techniques are used for generating business models.
- Six design techniques are-Customer insights, ideation, visual thinking, prototyping, storytelling and scenarios.
- Customer insights consider the customer perspectives into business models.
- Ideation emphasises on generating and evaluating ideas.
- Visual thinking promotes use of diagrams to describe ideas.
- Prototyping involves testing the ideas in reality.
- Storytelling involves describing the ideas in an engaging manner.
- Scenarios involve analysing different business situations.

Strategy



- Strategy is a critical factor behind successful model generation.
- Four strategic areas are– business environment analysis, evaluation of business models, analysing business perspectives using Blue Ocean Strategy and managing multiple business models.
- The strategy is developed by reviewing the key trends, industry forces, market forces and macro-economic factors.
- The Blue Ocean strategy is used for differentiating the business and creating new industries.
- Managing multiple business models involve integrating the existing business models into a new one.

Figure 4: Business Strategy Analysis
(Source: Osterwalder & Pigneur, 2010, pp-200)

Process



Figure 5: Business Model Generation Process
(Source: Osterwalder & Pigneur, 2010, pp-200)

- The process includes five stages—
- Mobilise
- Understand
- Design
- Implement
- Manage
- At each stage, the management needs to use model canvas, design techniques and multiple strategies.

Conclusion

- Business model canvas is used for getting insight on value creation and delivery process.
- It has nine building blocks.
- The models can be categorised into five types—unbundling, long-tail, multisided platforms, free and open.
- The models can be designed using six techniques.
- Four strategic areas such as environmental analysis, model evaluation, business perspective analysis, and managing different models.
- The models can be developed using a five-stage process.