9 C$

# Cost Structure

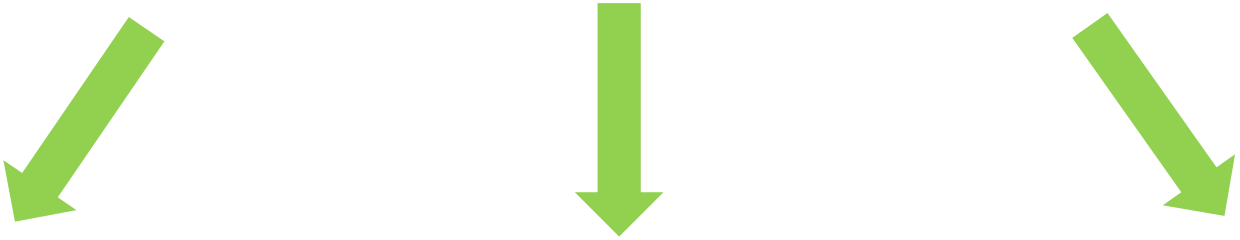
## Cost Structure: Definition

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.

Companies create alliances to **optimize** their business models, **reduce** risk, or **acquire** resources.

Such costs can be calculated relatively easily after defining



Key Resources

Key Activities

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.

## Key questions

- What are the most important costs inherent in our business model?
- Which Key Resources are most expensive?
- Which Key Activities are most expensive?

Therefore it can be useful to distinguish between two broad classes of business model Cost Structures.

# Classes of Cost Structure

| cost-driven | value-driven |
| --- | --- |
| (many business models fall in between these two extremes) | |
| Cost-driven business models focus on minimizing costs wherever possible. This approach aims at creating and maintaining the leanest possible Cost Structure, using low price Value Propositions, maximum automation, and extensive outsourcing. No frills airlines, such as Southwest, easyJet, and Ryanair typify cost-driven business models. | Some companies are less concerned with the cost implications of a particular business model design, and instead focus on value creation. Premium Value Propositions and a high degree of personalized service usually characterize value-driven business models. Luxury hotels, with their lavish facilities and exclusive services, fall into this category. |

# Cost Structures can have the following characteristics

| Element | Description |
| --- | --- |
| Fixed costs | Costs that remain the same despite the volume of goods or services produced. Examples include salaries, rents, and physical manufacturing facilities. |
| Variable costs | Costs that vary proportionally with the volume of goods or services produced. Some businesses, such as music festivals, are characterized by a high proportion of variable costs.Economies of scaleCost advantages that a business enjoys as its output expands. Larger companies, for instance, benefit from lower bulk purchase rates. This and other factors cause average cost per unit to fall as output rises. |
| Economies of scope | Cost advantages that a business enjoys due to a larger scope of operations. In a large enterprise, for example, the same marketing activities or Distribution Channels may support multiple products. |

## Metodo della break even analysis o del punto di pareggio

Consiste nell'individuazione della quantità di prodotto che è necessario vendere per realizzare il pareggio dei costi e dei ricavi connessi a uno specifico progetto.

Per esempio

- PV = 200
- costi fissi, CF = 2000
- costo variabile per unita di prodotto, CV = 120

# Ricavi totali = Costi Totali

$$Q \times P = Q \times CV + CF$$

$$Q \times (P - CV) = CF$$

$$Q = CF / (P - CV)$$

$$Q = CF / MC$$

$$Q_p = 2.000 / (200-120)$$

$$Q_p = 25$$

** Sistemi di Controllo Analisi economiche per le decisioni Aziendali – Antony Merchant McGraw-Hill*

**Break even point:**

**Quantità di pareggio** $Q_{beap} = CF/ (P–CV)$

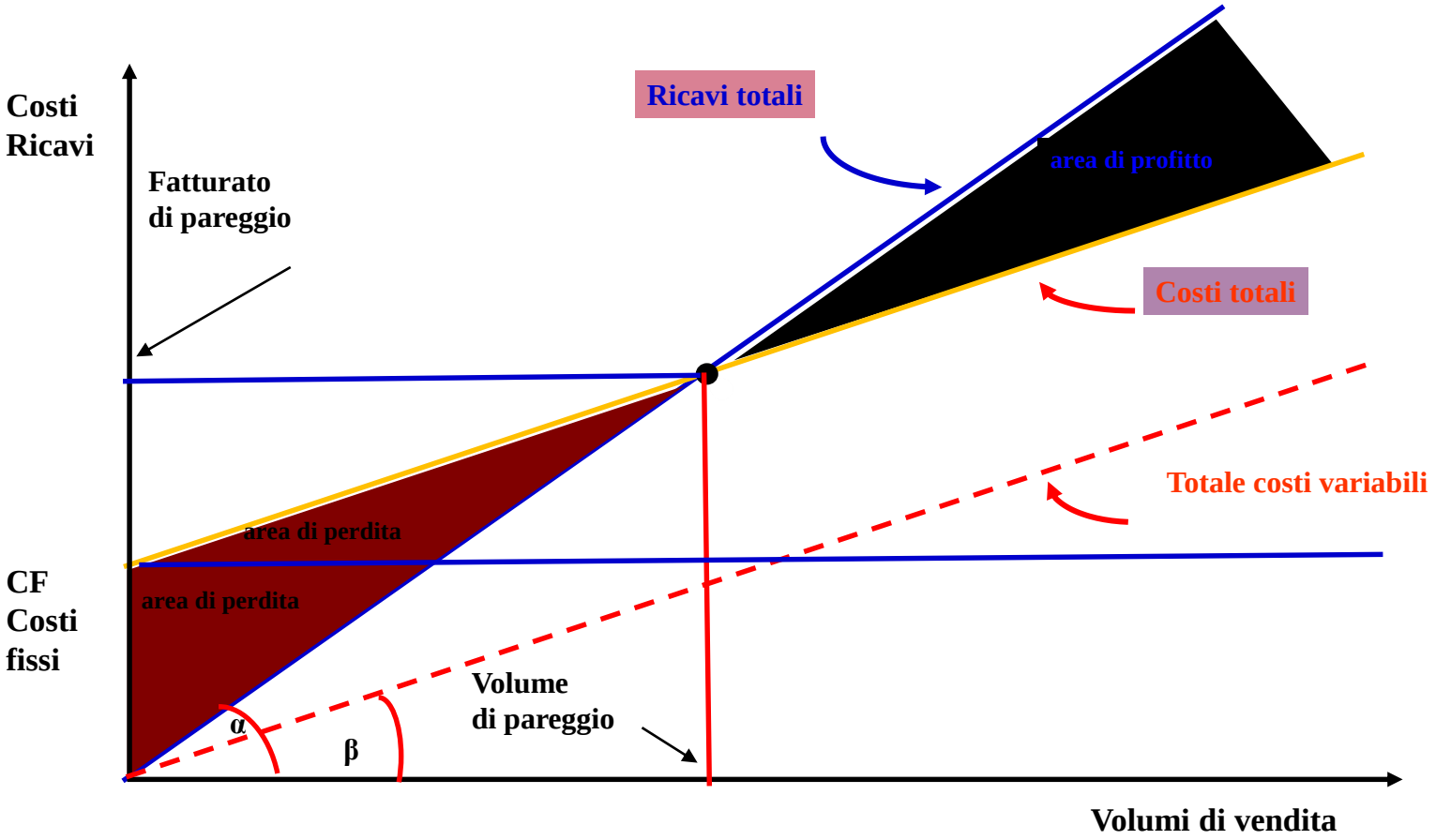
## Margine di contribuzione

**Precisazioni:**

- **Finché PREZZO > COSTI VARIABILI conviene vendere**
- **Dovendo scegliere tra due prodotti A e B conviene scegliere il prodotto con MARGINE DI CONTRIBUZIONE superiore**
- **Margine di contribuzione unitario resta costante al variare delle quantità ( P-CV)**
- **Margine di contribuzione totale aumenta con l'aumentare delle quantità**

## Condizioni di esistenza

- **P > CVU**
- **$Q^*$ < Capacità produttiva**
- **$Q^*$ < Domanda potenziale acquisibile**




** Sistemi di Controllo  Analisi economiche per le decisioni Aziendali – Antony Merchant McGraw-Hill*

**Estensione del modello per il conseguimento di un risultato operativo (profitto o perdita) prefissato**

| | | |
|---|---|---|
| **Es.** | **Costi fissi** | **2.000** |
| | **Prezzo unitario** | **100** |
| | **Costo variabile produzione** | **60** |

**Quale quantità da produrre per avere un risultato operativo pari a 1200 euro ?**

**Estensione del modello per il conseguimento di un risultato operativo (profitto o perdita) prefissato**

| | | |
|---|---|---|
| **Es.** | **Costi fissi** | **2.000** |
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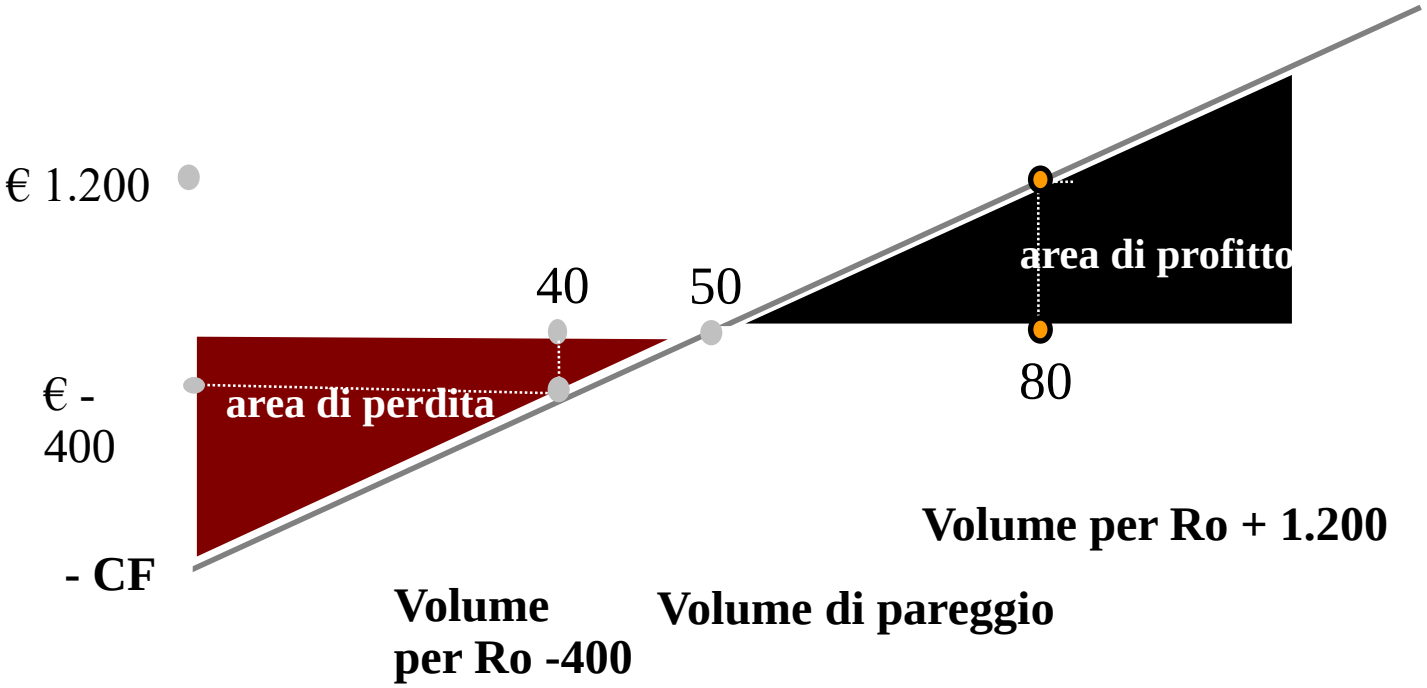
**Quale quantità da produrre per avere un risultato operativo pari a 1200 euro ?**

**$Q_{beap}$ = 2000/ 40 = 50**

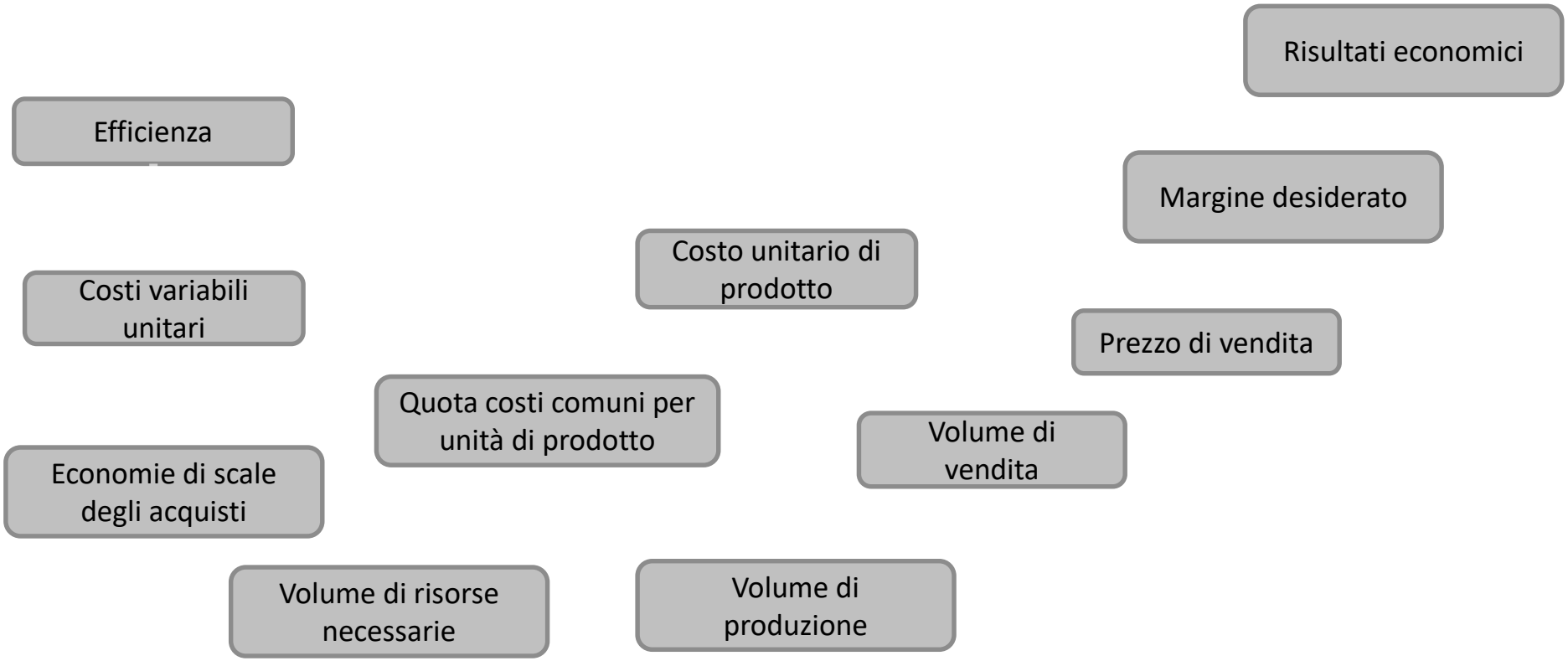
**Per una vendita di soli 40 pezzi = perdita di 400**

**Da cui la formula più generale Qro = (CF ± RO)/MC valida sia per profitti che per perdite**

**Ro = Mc x Q - CF**


€ 1.200
40
50
area di profitto
80
€ -
400
area di perdita
Volume per Ro + 1.200
- CF
Volume
per Ro -400
Volume di pareggio

# Relazioni circolari costo-prezzo



**ESERCIZIO**

**L'impresa Alfa ha costi fissi pari a 1.800 € e costi variabili pari a 60€, mentre l'impresa Beta ha costi fissi pari alla metà e costi variabili pari al doppio dell'impresa Alfa.**

**Se il prezzo di vendita è pari a 180€ ed è uguale per tutte le imprese, il punto di pareggio (break even point) dell'impresa Beta sarà:**

**A Superiore del 50% dell'impresa Alfa**

**B Superiore del 100% dell'impresa Alfa**

**C Inferiore del 50% dell'impresa Alfa**

**D Uguale a quello dell'impresa Alfa**

# Un caso applicativo

# Progetto "SHOW ROOM"

| Personale | |
|---|---|
| - Responsabile | 35.000 |
| - Addetta | 22.000 |

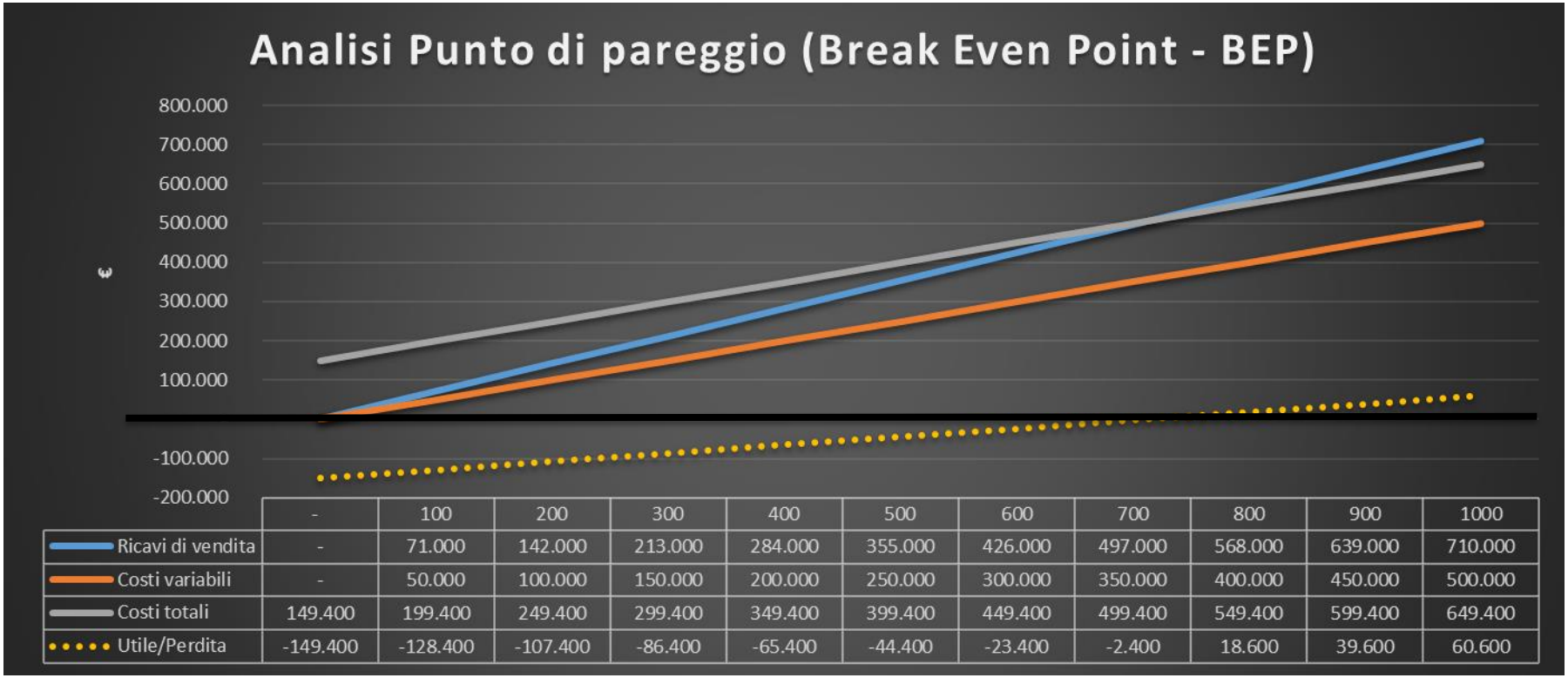
| Affitto | |
|---|---|
| - nuova area (affitto) | 18.000 |
| - utilizzo area in proprietà (ammortamenti) | 6.000 |

| Giacenze magazzino | 60.000 |
|---|---|

| Utenze/altre spese | 8.400 |
|---|---|

| Costo medio acquisto prodotti | 500 |
|---|---|
| Ricarico medio | 42% |

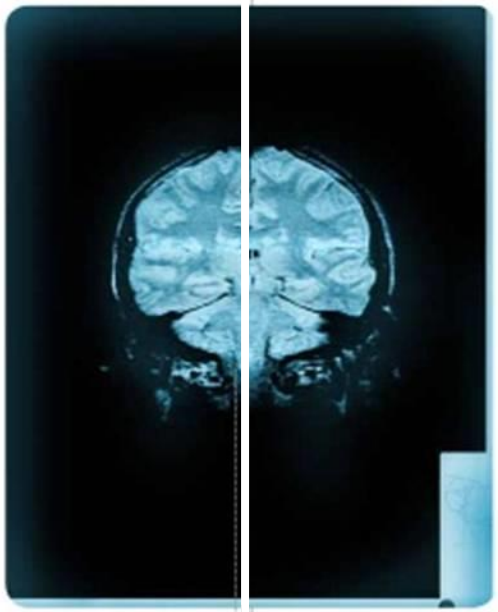
- **Quale deve essere il fatturato atteso per giustificare l'investimento?**
- **Quali sono i rischi?**
- **Ci sono altre variabili da considerare?**

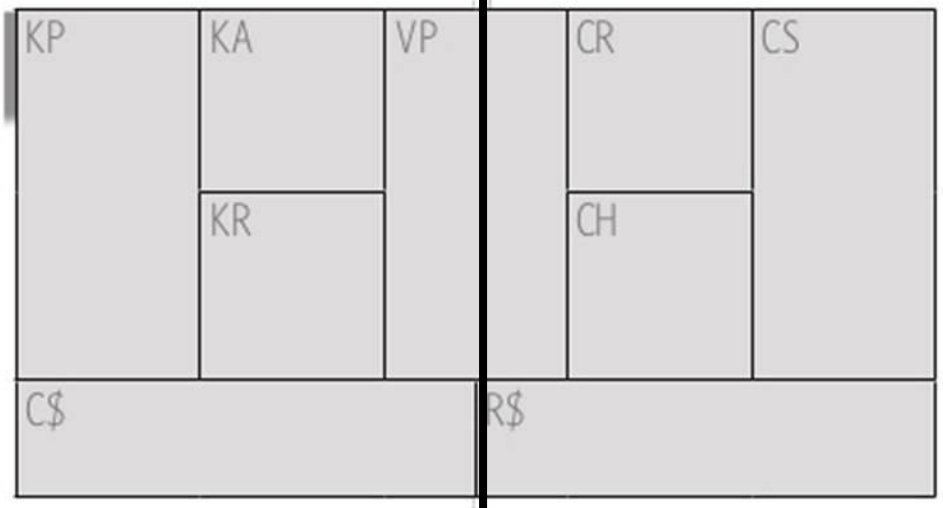



| | - | 100 | 200 | 300 | 400 | 500 | 600 | 700 | 800 | 900 | 1000 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Ricavi di vendita | - | 71.000 | 142.000 | 213.000 | 284.000 | 355.000 | 426.000 | 497.000 | 568.000 | 639.000 | 710.000 |
| Costi variabili | - | 50.000 | 100.000 | 150.000 | 200.000 | 250.000 | 300.000 | 350.000 | 400.000 | 450.000 | 500.000 |
| Costi totali | 149.400 | 199.400 | 249.400 | 299.400 | 349.400 | 399.400 | 449.400 | 499.400 | 549.400 | 599.400 | 649.400 |
| Utile/Perdita | -149.400 | -128.400 | -107.400 | -86.400 | -65.400 | -44.400 | -23.400 | -2.400 | 18.600 | 39.600 | 60.600 |

left brain
**logic**

right brain
**emotion**

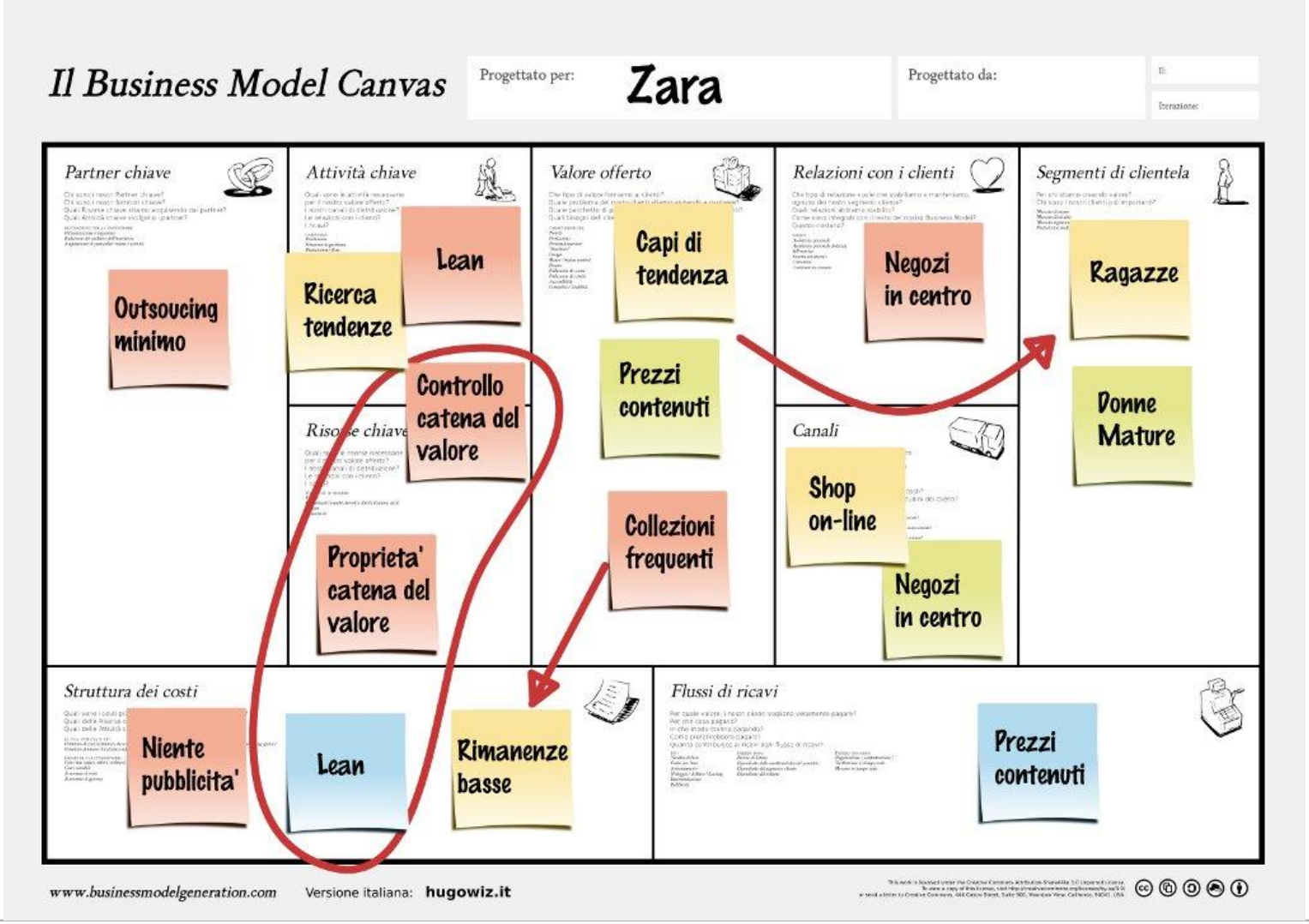




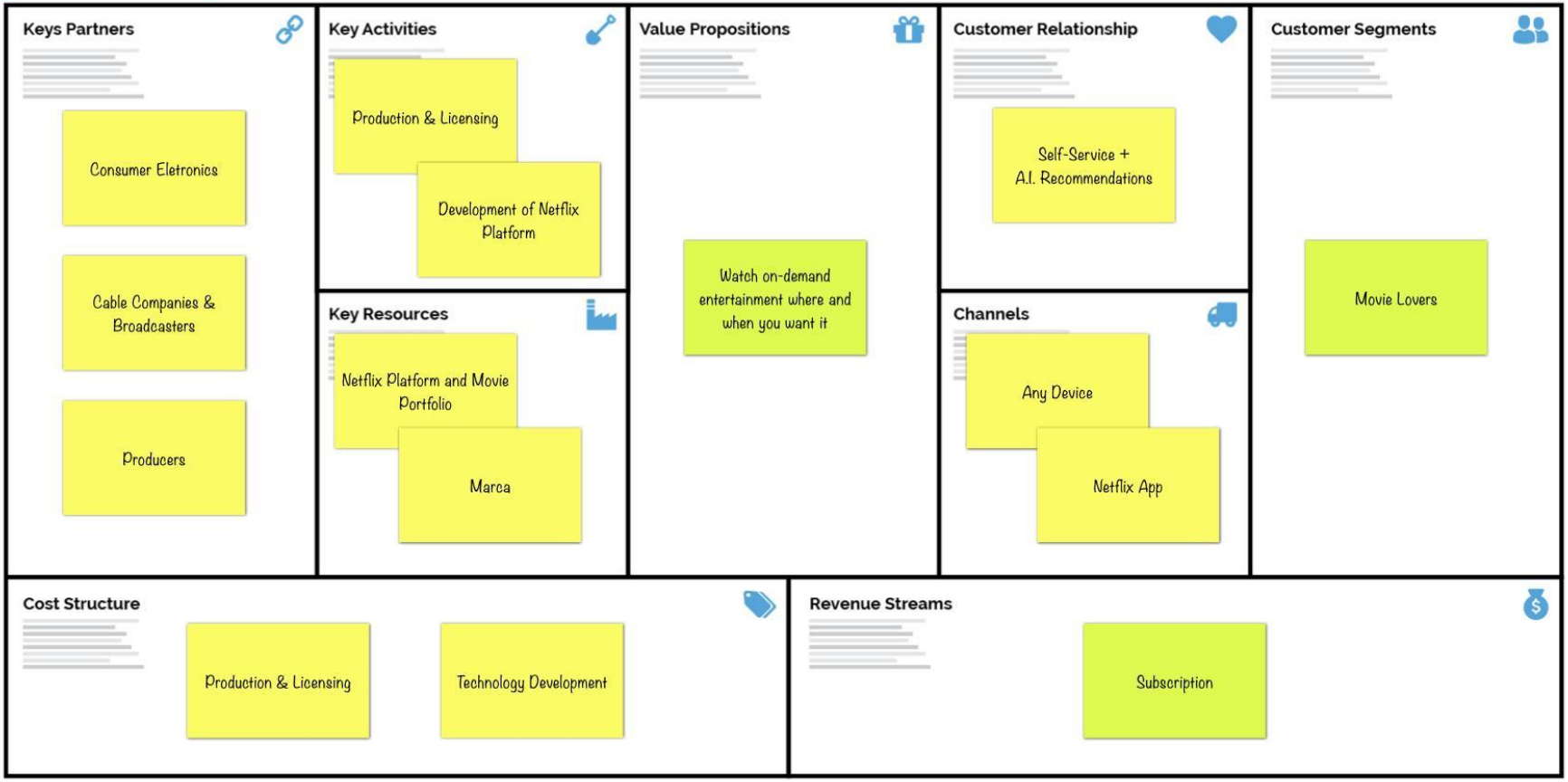

left canvas
**efficiency**

right canvas
**value**

# Innovative business model

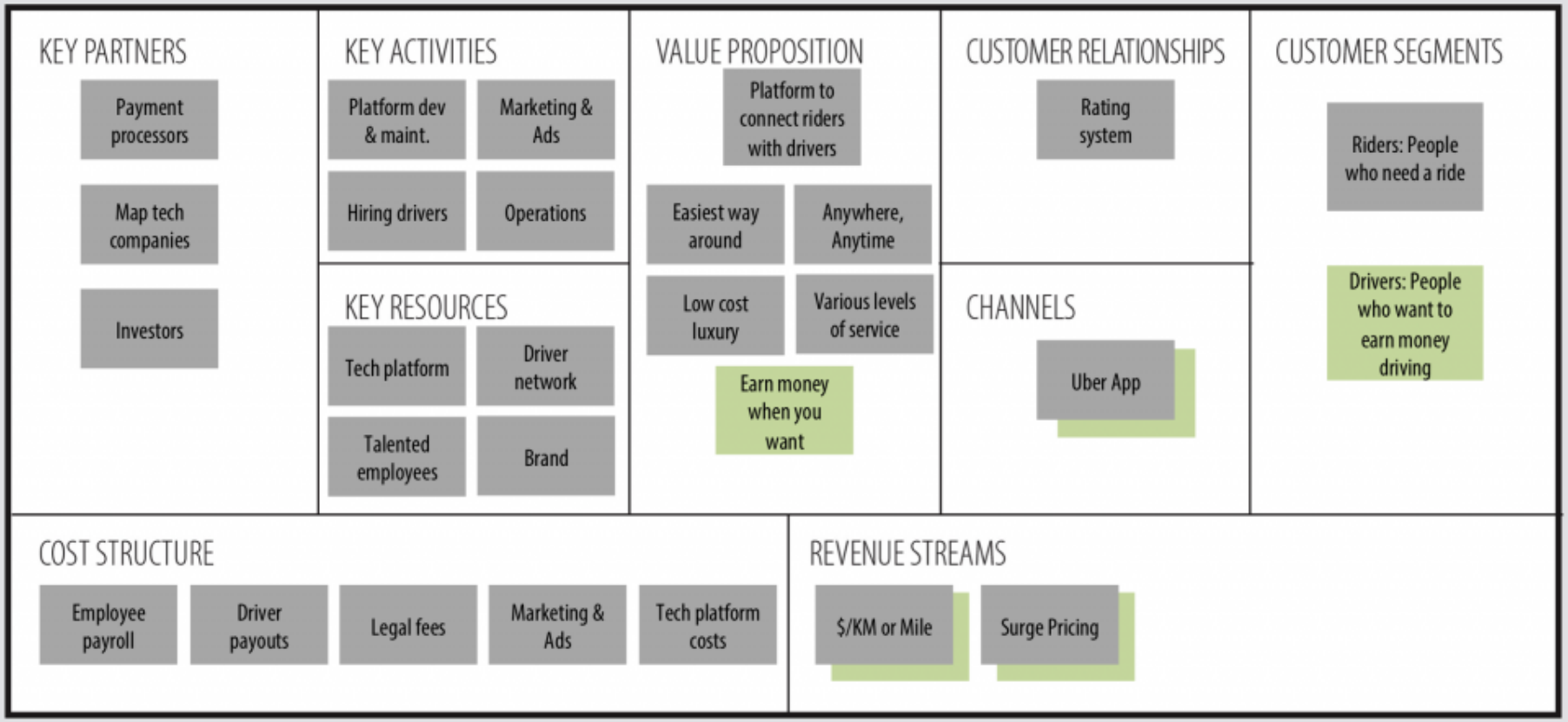


# NETFLIX - Business Model Canvas



# BUSINESS MODEL CANVAS

# UBER



skype™

As a software company their costs are limited to software development and complaint management.

## Partner Network

- Country Telcos
- Payment Providers
- Logitech

## Key Activities

- Software Development
- Complaint Management

## Resources

- Software Developers
- Software

## Value Proposition

- Free calls
- Reasonable Quality
- Conference calls
- Video calls
- Cheap calls to phones (Skype out)

## Relationship Management

- Automated web relationship
- Software download set-up

## Distribution Channels

- Web

## Customer Segments

- Travelers
- Small Business

## Cost Structure

- Software Development
- Complaint Management

## Revenue Flows

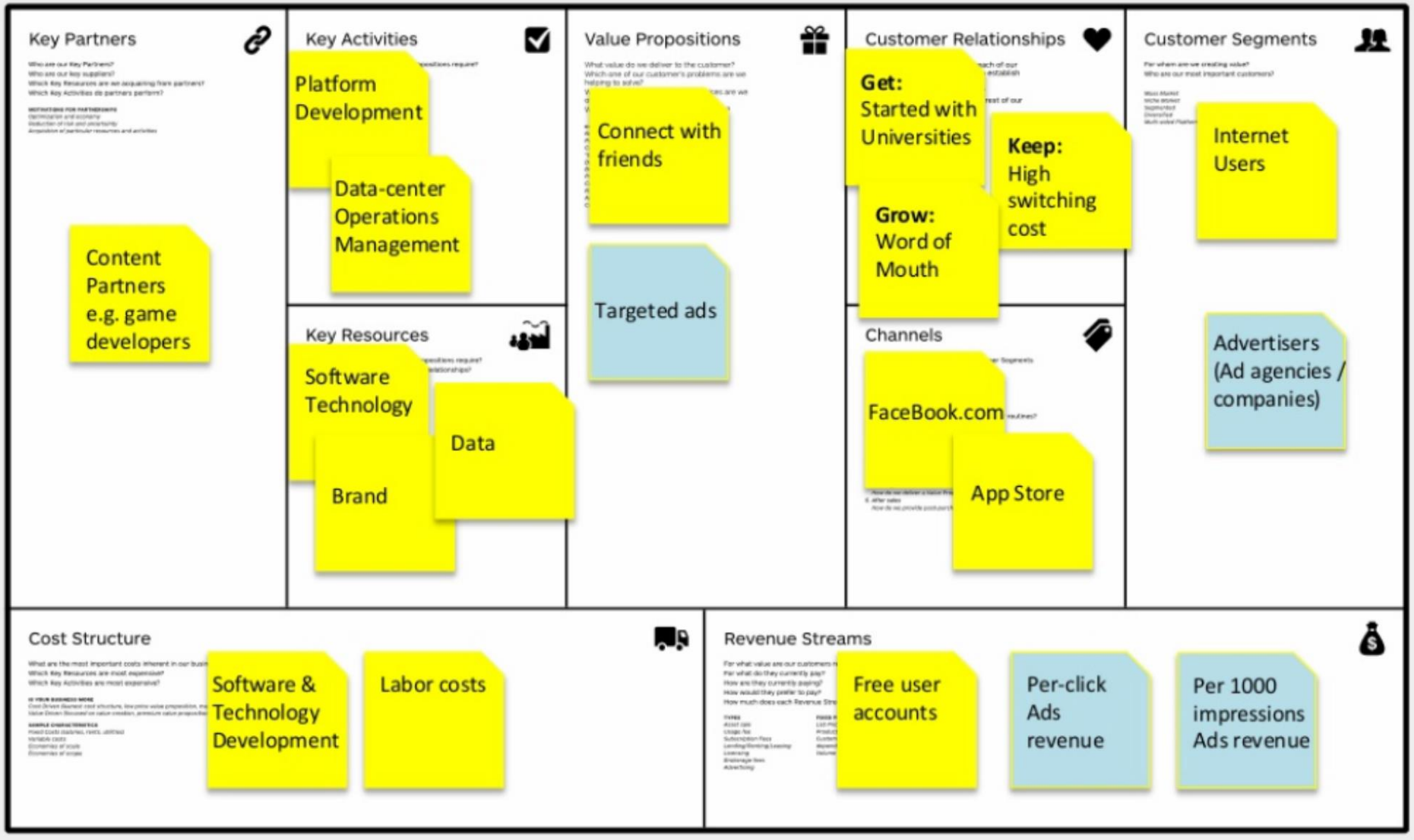
- Free
- Skype Out
- Ancillary Products

*Business Model Canvas © Alex Osterwalder*

ennova

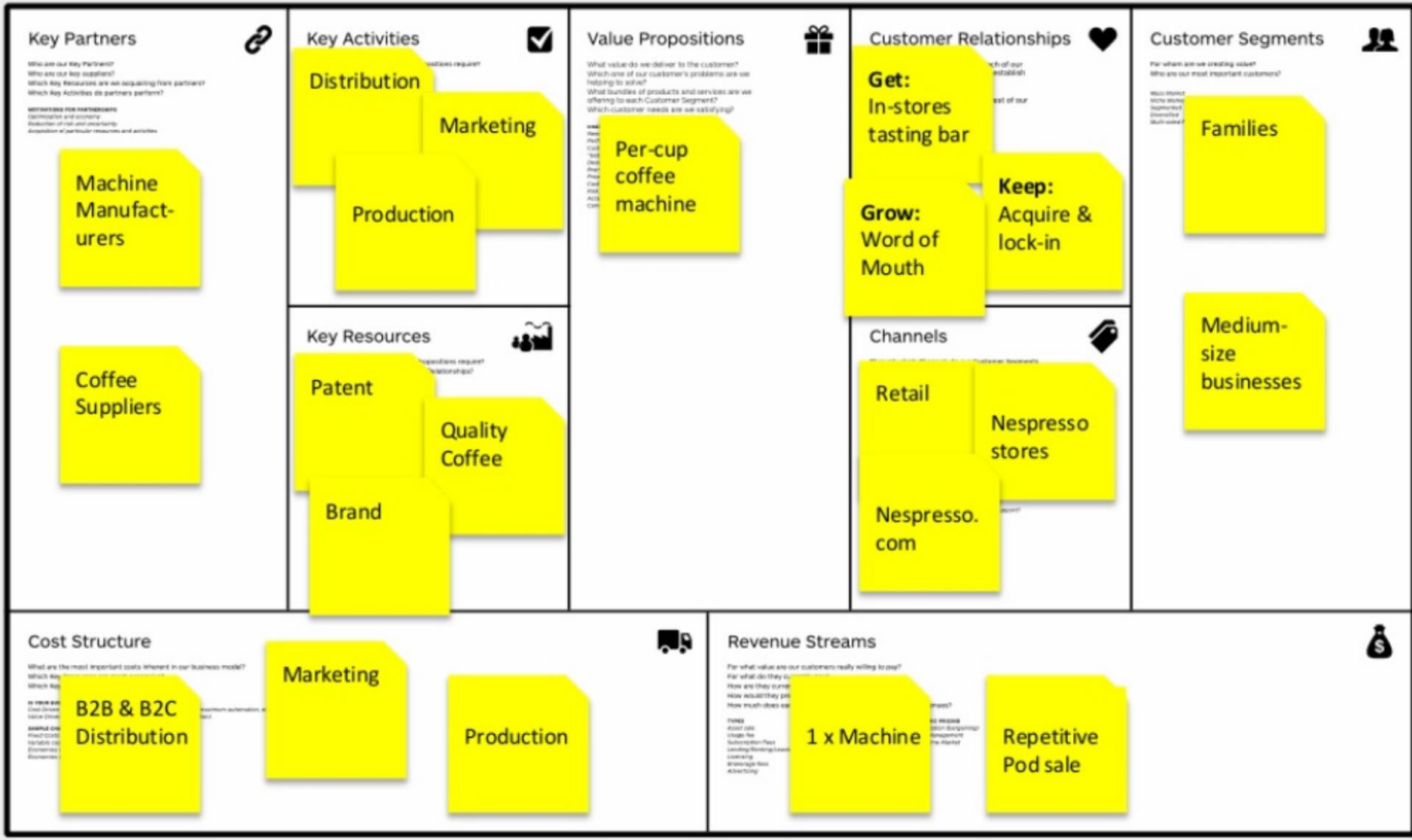
# The Business Model Canvas

facebook



# The Business Model Canvas

NESPRESSO®



# "ADVANCED" BUSINESS MODEL CANVAS

## For Apple's iPod (2001)

### KEY PARTNERS

- ❑ SUPPLIERS
  - *Original Equipment Manufacturers (OEMs)*
- ❑ PARTNERS
  - *Record Companies*
- ❑ INVESTORS/ ENVIRONMENT

### KEY ACTIVITIES

- ❑ PROCESSES
  - *- Hardware Design*
  - *- Software Design*
  - *- Marketing*

### KEY RESOURCES

- ❑ EMPLOYEES/IP
  - *- Staff*
  - *- Apple Brand*
- ❑ MACHINERY
- ❑ PRODUCT/ SERVICE
  - *- iPod Hardware*
  - *- iTunes Software*
  - *- Content & Agreements*

### VALUE PROPOSITIONS

- *"A Thousand Songs in Your Pocket"*
- *Seamless Music Experience on Demand*

- ❑ CUSTOMER PROBLEM/JOB
  - *- Fragmented and Low-Fi Music Experience*
  - *- To Effortlessly Listen to High Quality and Diverse Music at Any Time*

### CUSTOMER RELATIONSHIPS

- *"Lovemark"*
- *Switching Costs*

### CHANNELS

- *iTunes Store*
- *www.apple.com*
- *Apple Stores*
- *Selected Retail Stores*

### CUSTOMER SEGMENTS

- *Mass Market*
- *"Luxury Spot"*

### COST STRUCTURE

- Employees
- Manufacturing
- Marketing & Sales

### REVENUE STREAMS

- iPod Hardware
- iTunes Store
- Commissions

**Based on Business Model Canvas:** http://en.wikipedia.org/wiki/Business_Model_Canvas

Dr. Rod King. rodkuhnking@sbcglobal.net & http://businessmodels.ning.com & http://twitter.com/RodKuhnKing

# Path number 5: analyze the product or service meaning

***What is the meaning of product-service in the consumer's life?***

**Cemex**

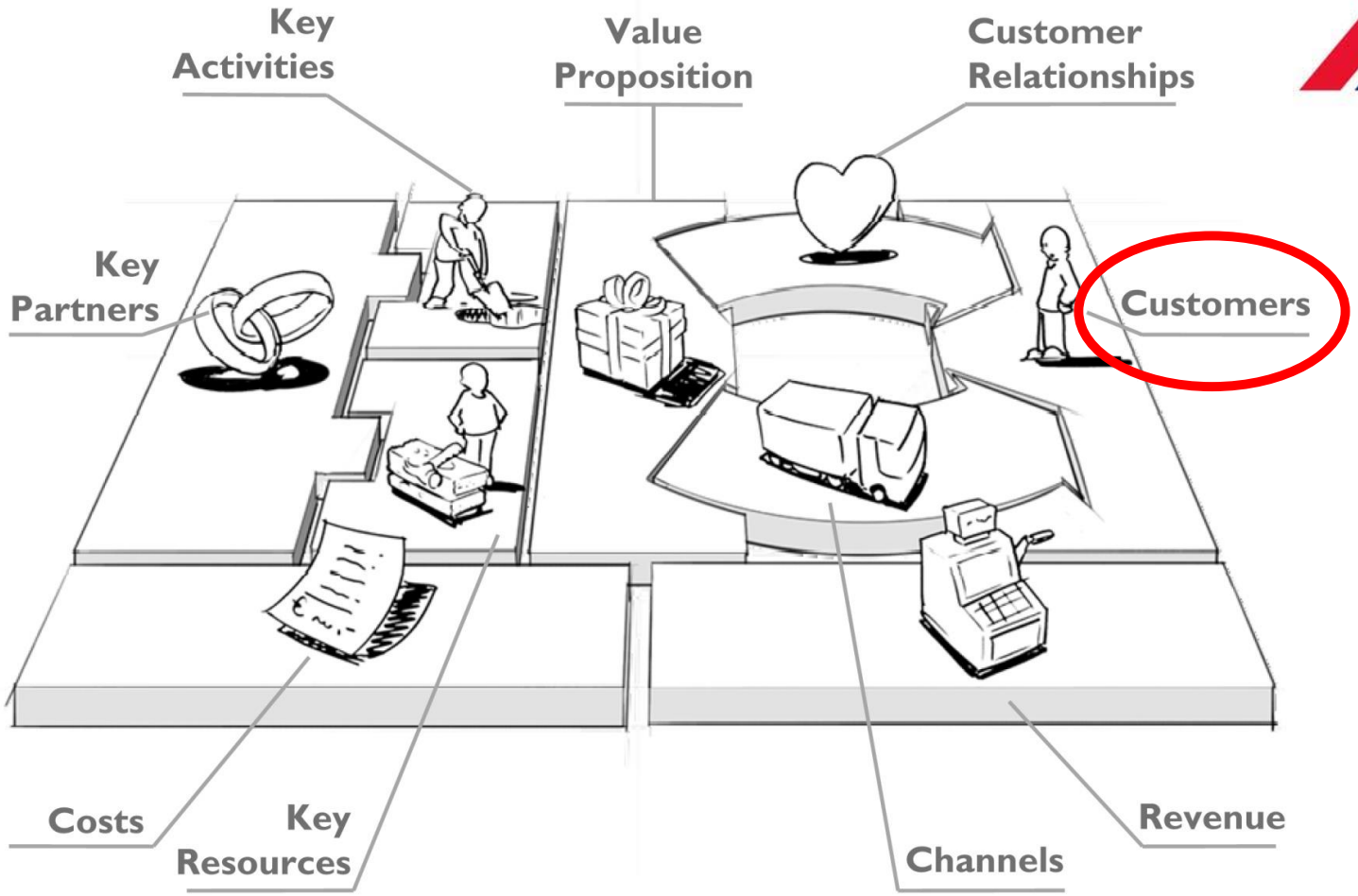
**Creates the emotional cement replacing the "quinceañeras" into a system oriented to save money to build up your house ("tandas"*)**



***Tandas** are social mechanism according to which different families create a common moneybox that is distributed monthly with a draw. This amount of money was dedicated to the baptism or wedding organization

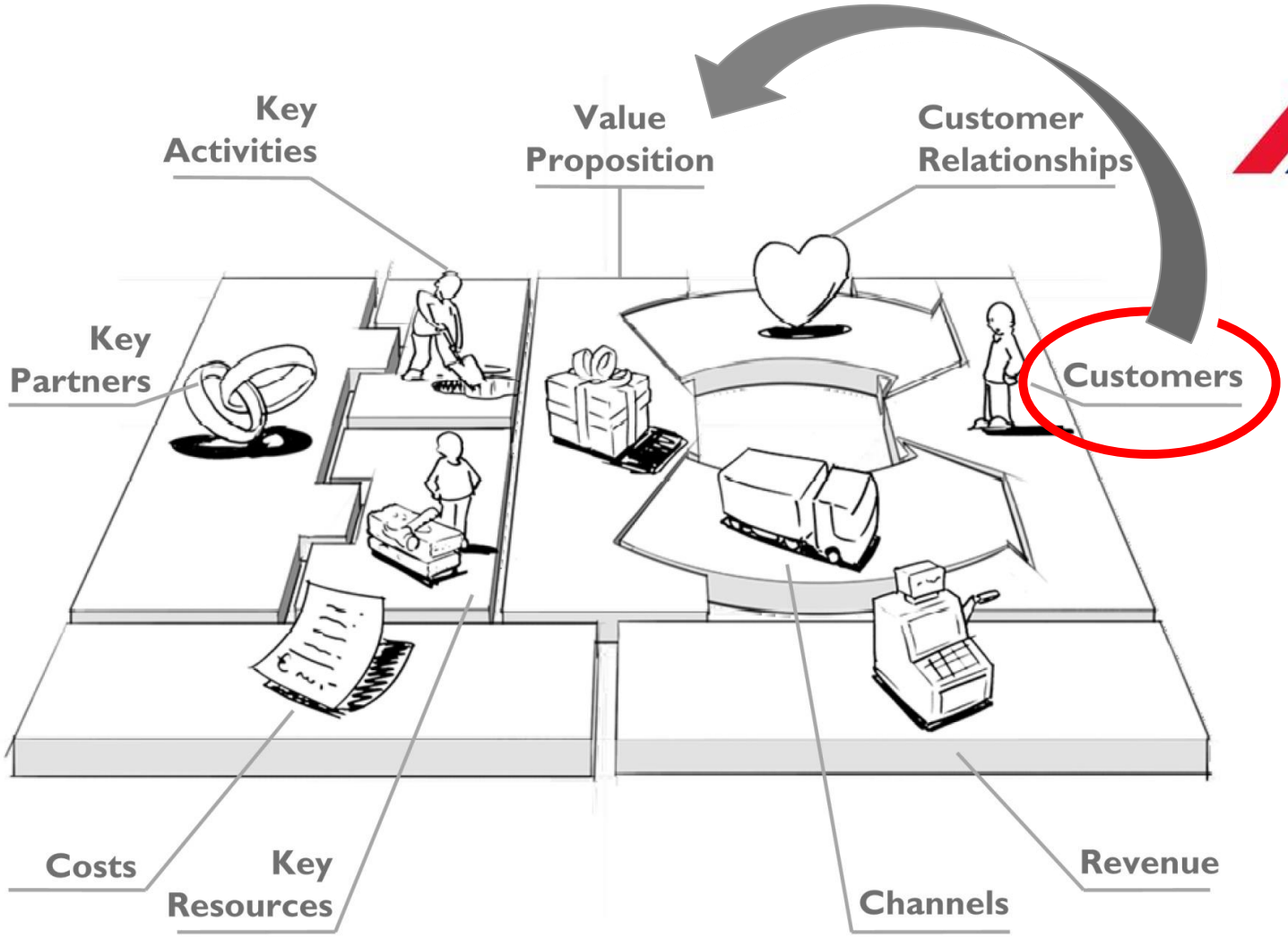
# Ripensare alla Supply chain per innovare il Business Model: un case study

Verso il cliente



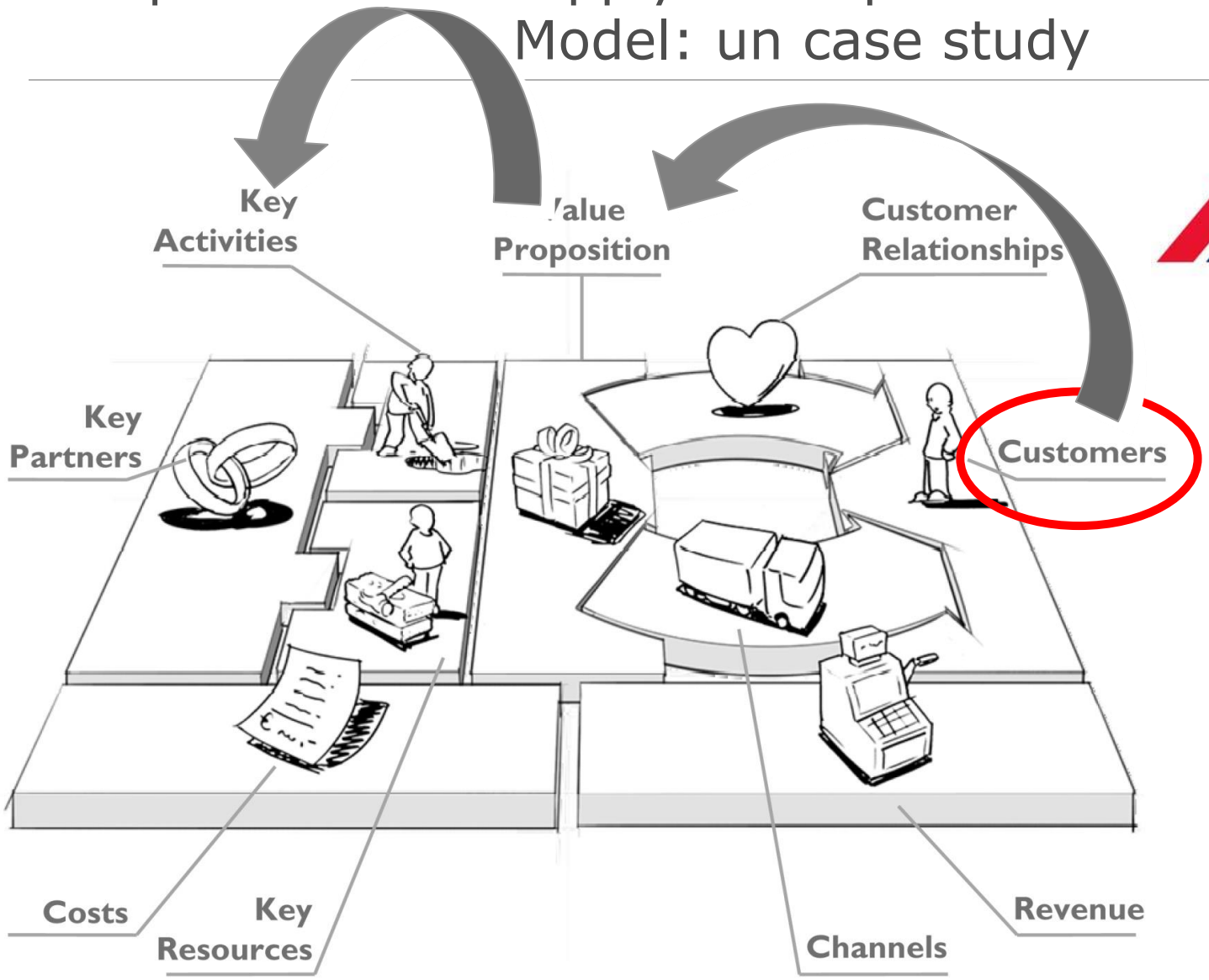

Il prodotto (cemento) è una commodity … Il time-to-market è elemento essenziale per il successo dell'impresa

# Ripensare alla Supply chain per innovare il Business Model: un case study



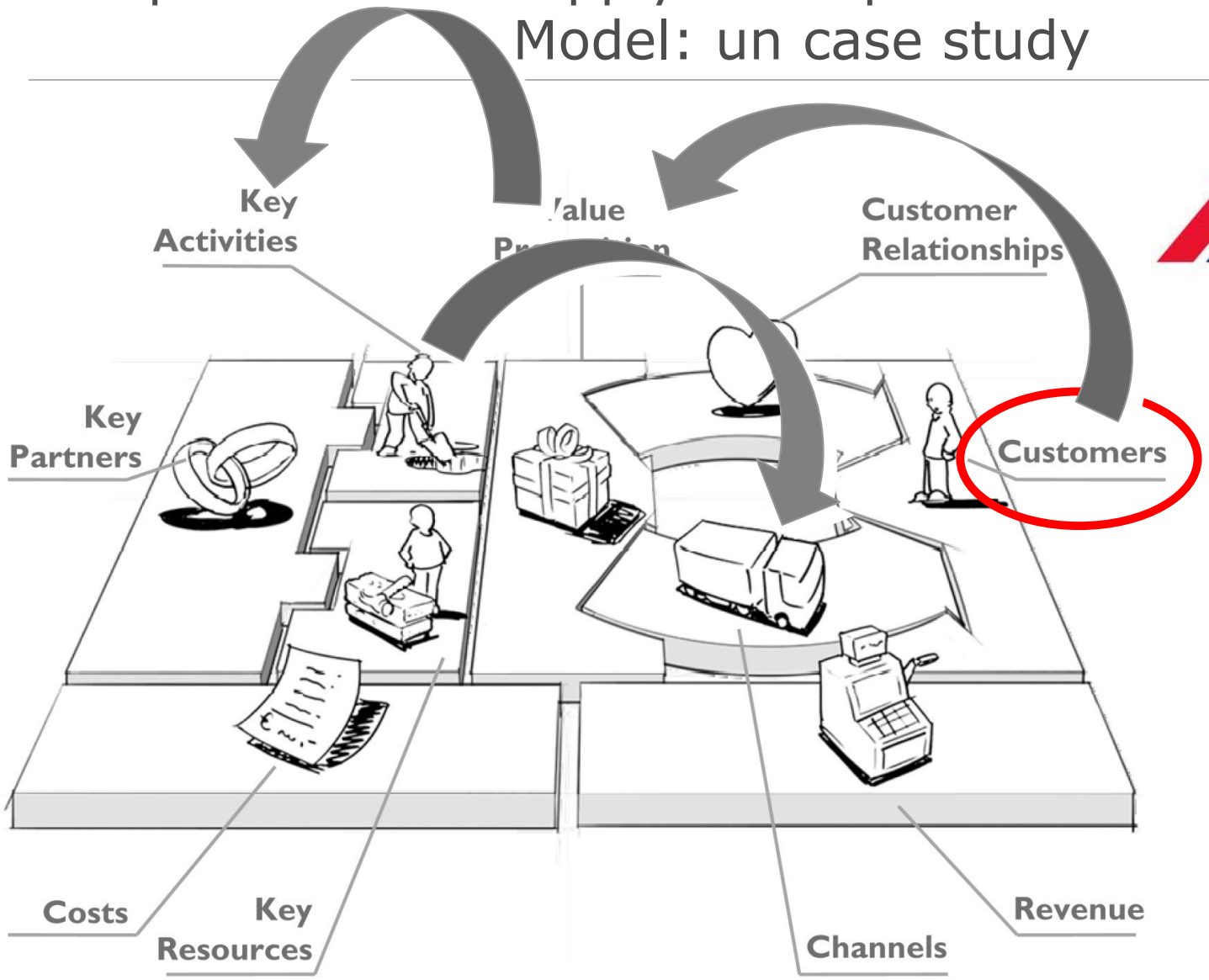

Da “il cemento dove vuoi” a “il cemento quando vuoi”

# Ripensare alla Supply chain per innovare il Business Model: un case study



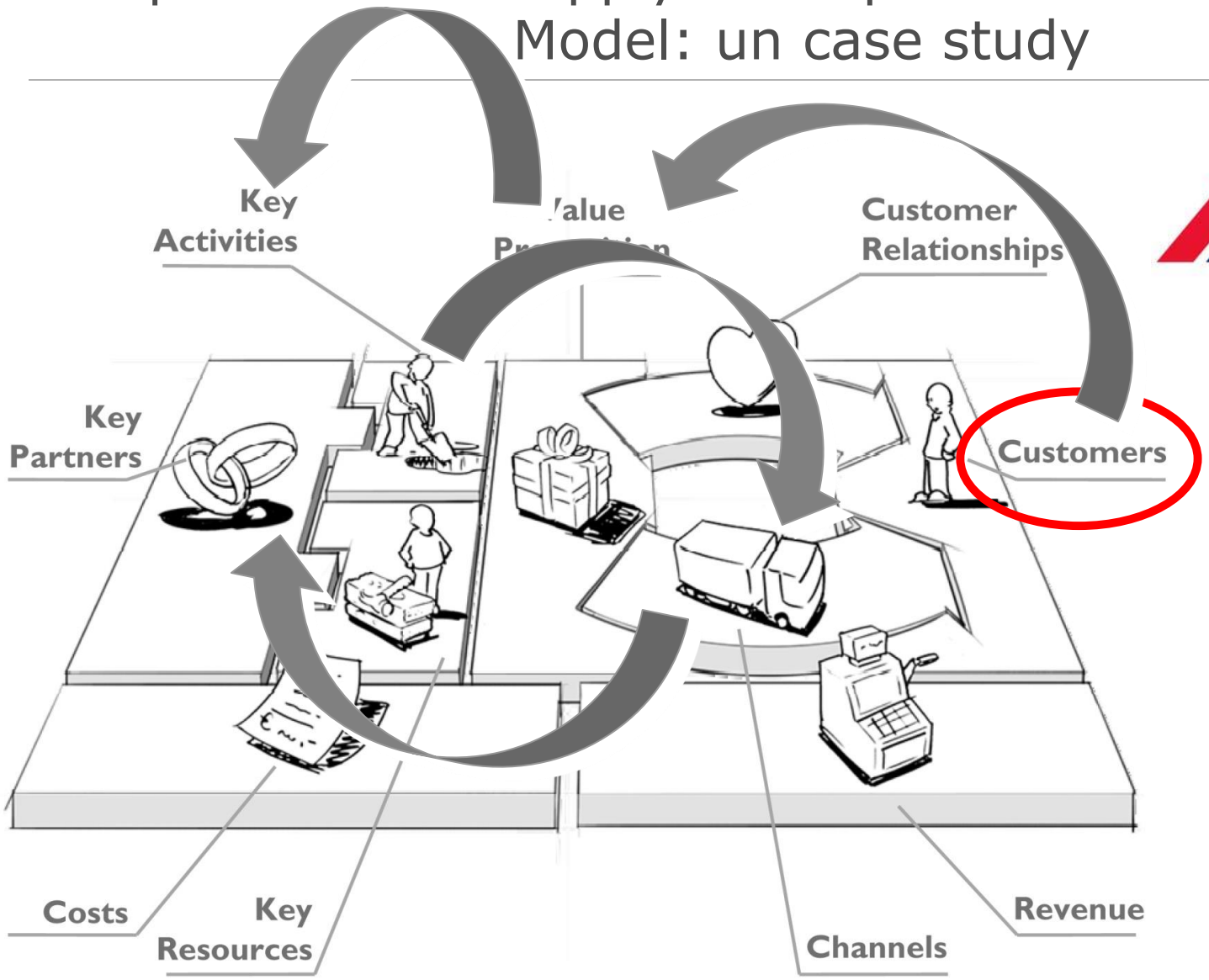

Dalla produzione e stoccaggio alla distribuzione

# Ripensare alla Supply chain per innovare il Business Model: un case study



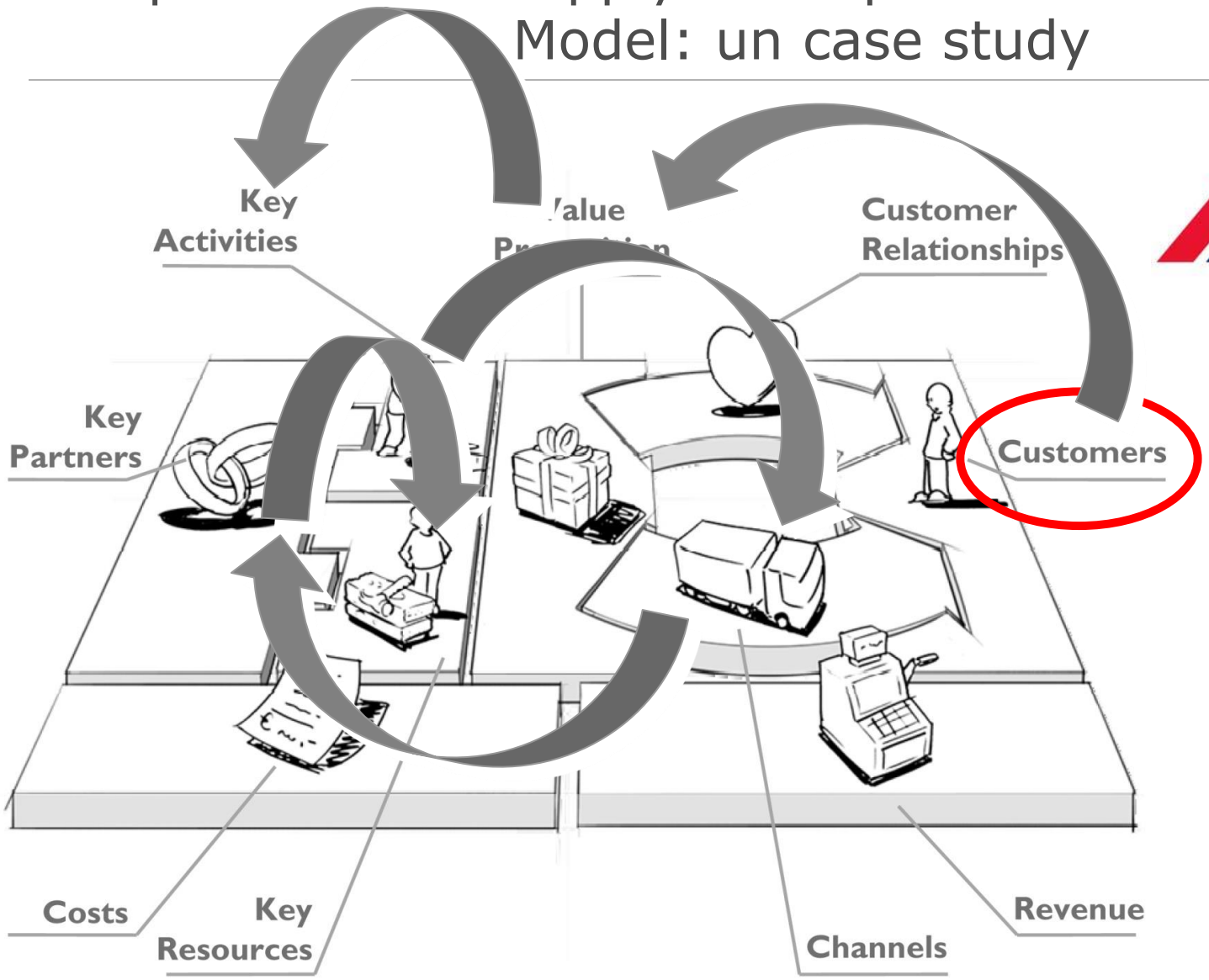

Vendite on line oltre il 20% al secondo anno dal lancio del servizio

# Ripensare alla Supply chain per innovare il Business Model: un case study



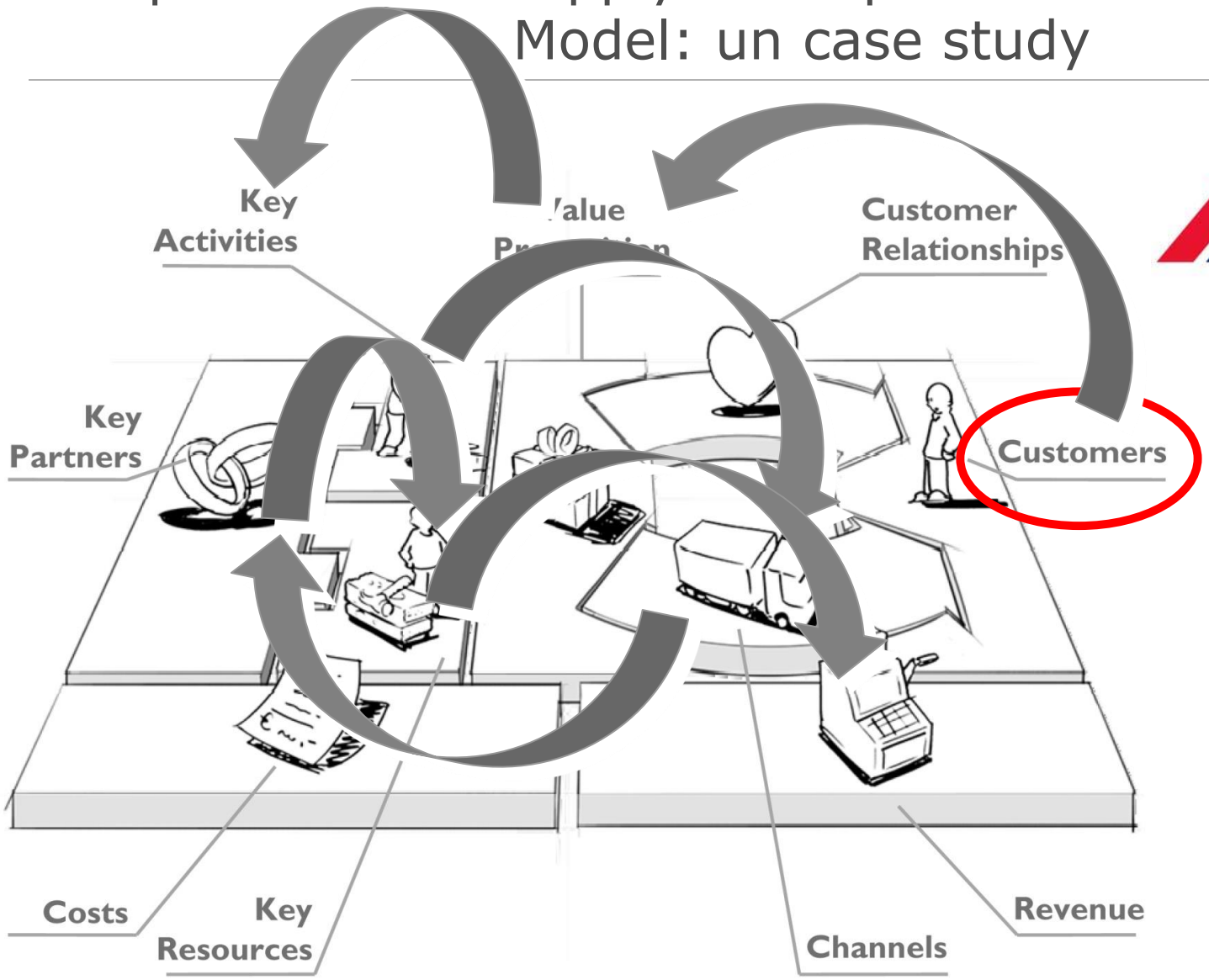

Ottimizzazione del servizio di delivery con accordi strategici con operatori logistici

# Ripensare alla Supply chain per innovare il Business Model: un case study




Sviluppo piattaforma web-based con intregrazioni GPS e Mobile

# Ripensare alla Supply chain per innovare il Business Model: un case study




+ 20% dei ricavi con una riduzione del costo per il cliente (minori giacenze, acquisti più parcellizzati)