

STEP 3

Management Tools for Entrepreneurship Initiatives

Business Model Design

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2021



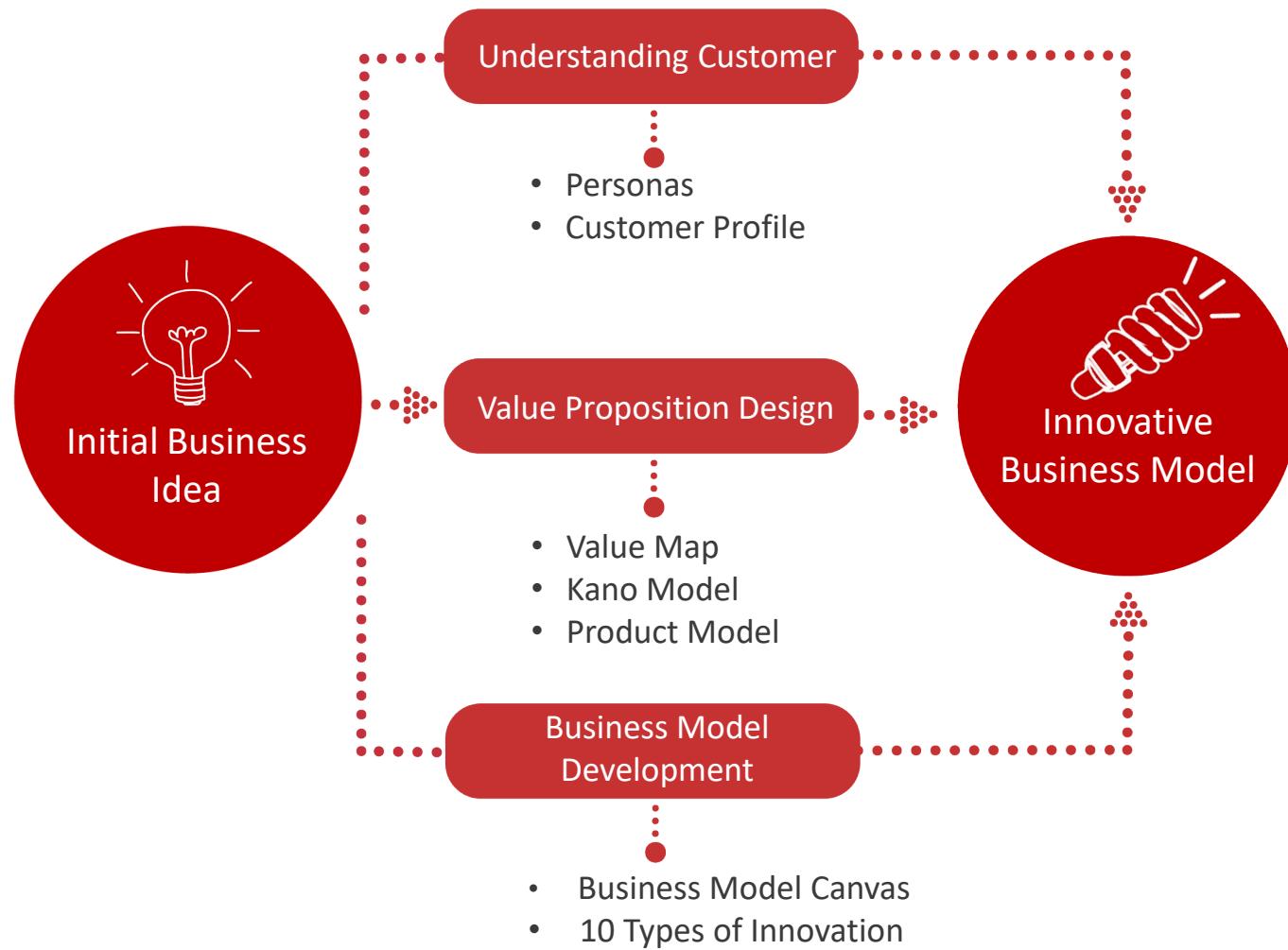
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Our Approach



Understanding Customer Needs - Personas

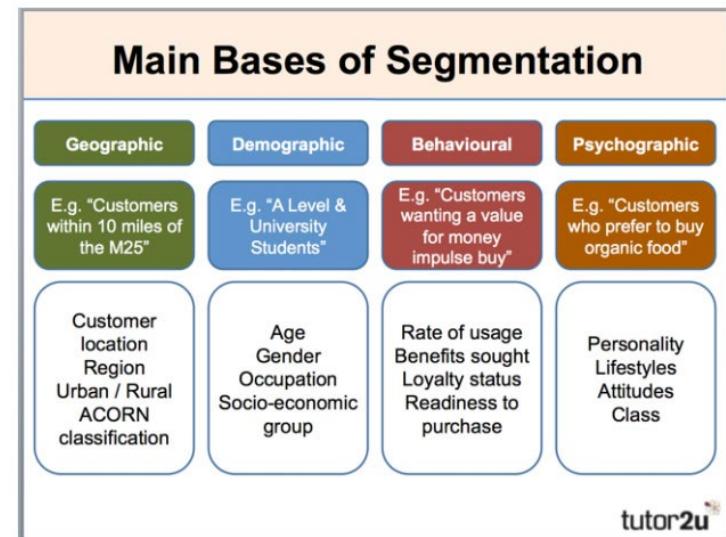


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Customer Segments

- Identify direct and indirect customers
 - Who pays for your product/service ?
- Differentiate between customer segments
 - Different buying behaviour
 - Different demographics and/or geographics
 - Different psychographics



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What are Personas?

- Archetypes representative of actual groups of customers (segments) and their needs
- Based on research with real people
- Ideally based on qualitative and/or quantitative customer research: observational studies, contextual inquiry, interviews, etc.



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Persona example: Football Game

Statistic Data:

- 76% of all customers are male
- 60% use the public transportation system
- 55% buy drinks
- The average income is 1800€
- The average customer attends 4 games a year
- 85% of the customers are supporters of the local team

Persona: Kurt Becks

- Kurt is a 51 year old worker.
- He comes from the local city.
- He is a fan of the local team.
- He has a season ticket, and he loves to drink beer. After the Match he regular meets with his friends.
- He usually drives with his car to the matches.



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Use photos to give the persona “life”

- Use other photos to show the persona’s life
 - the persona in context
 - members of their family
 - house, office, or other locations
 - relevant details: pets, car, friends, favourite magazine, favourite places, technology



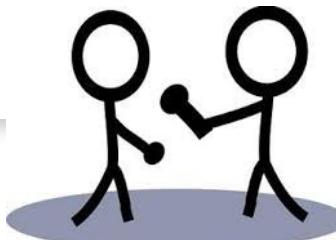
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Techniques to gain Customer Insights

Technique	Data Detective	Journalist	Anthropologist	Impersonator	Co-creator	Scientist
Description	Realize (Desk) Research	Talk to potential customers to get easily customer insights	Observe potential customers in the real world.	„Be your customer“ and use products and services. Spend time in your customers shoes.	Integrate customers into the process of value creation to learn with them.	Realize experiments with customers
Difficulty	*	**	***	**	****	****
Strength	Good basic for further research	Quick and cheap to get first insights	Allows to discover real-world behaviour	Firsthand experience of jobs, pains and gains	Proximity to customers allows you to get deep insights	Provides fact-based insights. Works good with new ideas.
Weakness	Static data	Customers not always know what they want. Actual behaviour can differ from interview answers	Difficult to get customer insight related to new ideas	Not always representative of your real customer	May not be generalized to all customer (segments)	Could be hard to apply



Source: Osterwalder et al. 2014



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Personas – Consumer



Name: Lin

Age: 27

Gender: Female

Hobbies

Playing tennis, gym,
watching movies

Who am I ?

(Family status, ethnic/cultural background)

Not married, boyfriend (James)

Born in Germany, parents
immigrated from China

Buying behaviour

Looks for a romantic, relaxed, dining
experience, bar facility, good décor,
relaxing environment, likes to test no
offers

Job description

Chef Designer at Arts4U Inc.,
developing new designs

Education

Studied graphic
design in
Germany.

Statements

*Romance is part of
my life*

Salary

2.500 € monthly



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Personas – B2B



Name: James Winter

Age: 55

Gender: Male

Who am I ?

(Family status, Ethnic / cultural background, Education)

Married, 1 Kid at school,
1 kid at university

Education: MBA
Stanford

Job Position Purchasing

Manager, Reports directly to CEO, 2 staff member in his unit,
Performance measure:
Operation efficiency, cost reduction.

Company

Greenfield Technologies Inc.,
Welding equipment, 100 employees, \$20M Turnover.

Goals and Challenges

Value most: job security, family recognition for success, church / Biggest challenge: managing people, keeping all balls on air / Biggest objections: Appearance, not state of the art, liability, look dumb

Communication Preference

Email, phone, uses internet for getting information about suppliers, reads Economist and Best Supplier Magazine, Social networks: LinkedIn

Statements

Do it right at the first time



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Business Idea: Mobile Car Care Service

- **The Service:** The mobile car care project is a multi-car service delivered to the customers location, which specializes in car detailing, scratch repair, cracked windshield repair, applying car protective films, oil change, regular car wash, and flat tire services. Among other services that are provided upon request includes the following:

- Window tinting/shading
- Condition vinyl & leather surfaces
- Auto accessories sales



- **Mobile Car Care APP:** All these service are delivered to the office, house or any other location chosen by the customer.

Customer's request are made through a mobile application, which features all the services and packages provided.



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Consumer Personas: Mobile Car Care Service



Name: Khalid

Age: 27

Gender: Male

Hobbies

Playing tennis,
watching movies

Who am I ?

Not married

Born in Saudi Arabia

Buying behaviour

Looks for fast and reliable service to clean as well as repair his car. His car is a status symbol and should look nice. He uses his smart phone a lot to interact with service providers

Job description

Programmer, LTX Inc. in Riad

Education

Studied Computer Science in London

Statements

Fun is part of my life

Salary

3.500 € monthly



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Understanding Customer Needs – Customer Profile



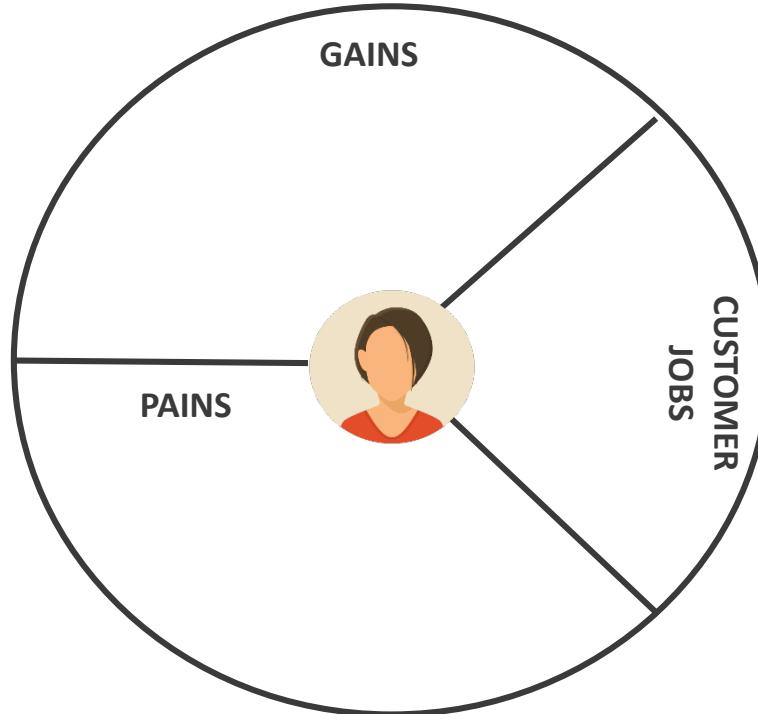
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Customer Profile

The Customer (Segment) Profile describes a specific customer segment in your business model in a more detailed way (jobs, pains, and gains)

Gains describe the additional benefits the customers may seeking



Pains describe bad outcomes, risks, and obstacles related to customer jobs

Customer Jobs describe what customers are trying to get done in their work and in their lives

Source: Osterwalder et al. 2014

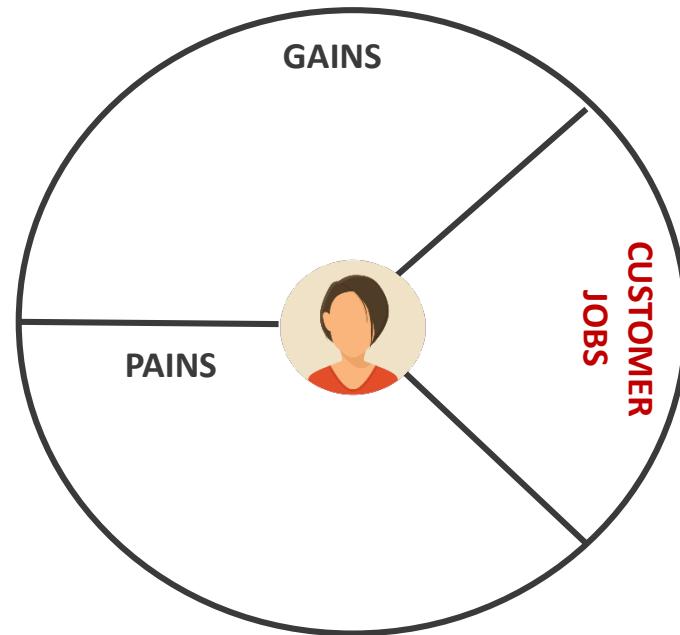


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Customer Profile: Jobs

Customers jobs describe the **things** your customers are trying **to get done** in their work or in their life.

- Functional jobs
 - When customers complete a specific task
- Social jobs
 - How customers want to be perceived by others
- Personal/emotional jobs
 - When customers seek a specific emotional state
- Supporting jobs
 - Co-creator of value, transfer of value

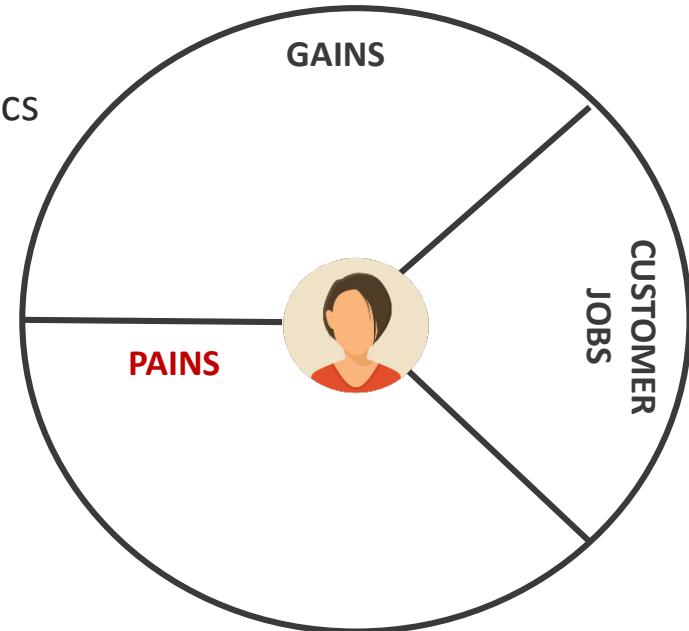


Source: Osterwalder et al. 2014

Customer Profile: Pains

Pains describe anything **that annoys your customers** before, during, and after trying to get a job done (obstacles, risks etc.).

- Undesired outcomes, problems, and characteristics
 - Functional >> a solution doesn't work
 - Social >> customer looks bad doing this
 - Emotional >> customer feels bad doing this
 - Undesired >> doing this is boring
- Obstacles
 - Prevention >> customer lacks the time
- Risks (undesired potential outcomes)
 - Negative consequences >> customer might lose credibility doing this

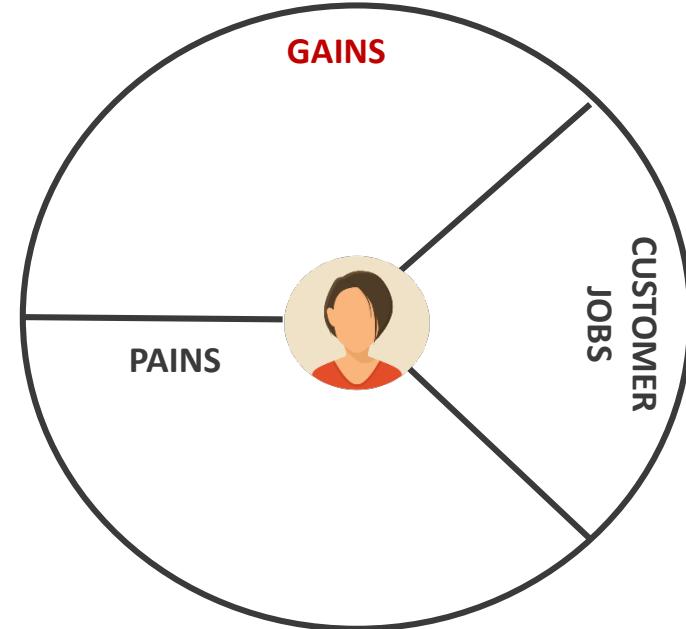


Source: Osterwalder et al. 2014

Customer Profile: Gains

Gains describe the **additional benefits** your customers may want.

- Additional benefits that customers desires or would be surprised
 - Social gains
 - Positive emotions
 - Cost savings



Source: Osterwalder et al. 2014



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Do's and Don'ts – Customer Profile



- Mixing several customer segments into one profile
- Focusing on functional jobs
- Listing jobs, pains and gains with your value proposition in mind
- Identify to few jobs, pains and gains
- Beeing to unprecise in description of pains and gains

- One value proposition for each customer segment
- Include also social and emotional jobs
- Act like an anthropologist and „forget“ your offering
- A good customer profile should be full of sticky notes
- Make gains and pains tangible (How long is „too long“)

Modified from Osterwalder et al. 2014

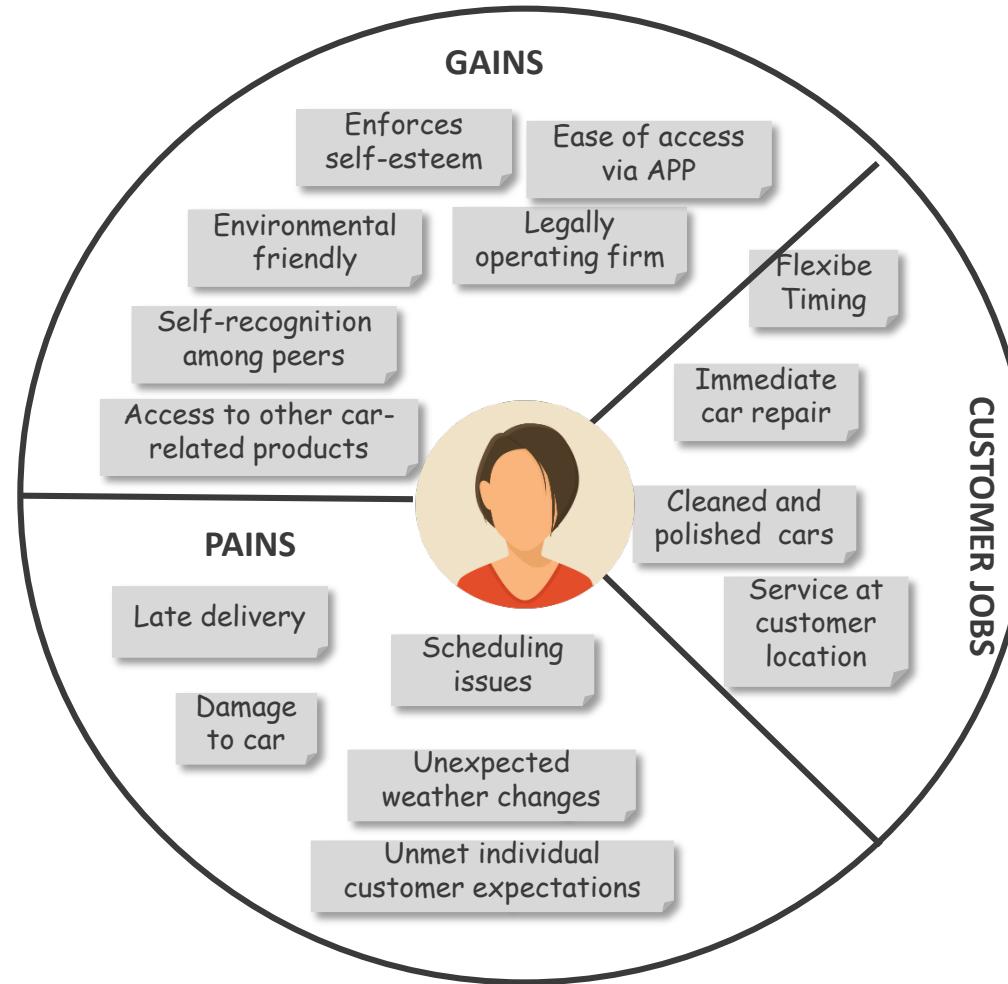


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Customer Profile: Mobile Car Care Service



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Value Proposition – Value Map



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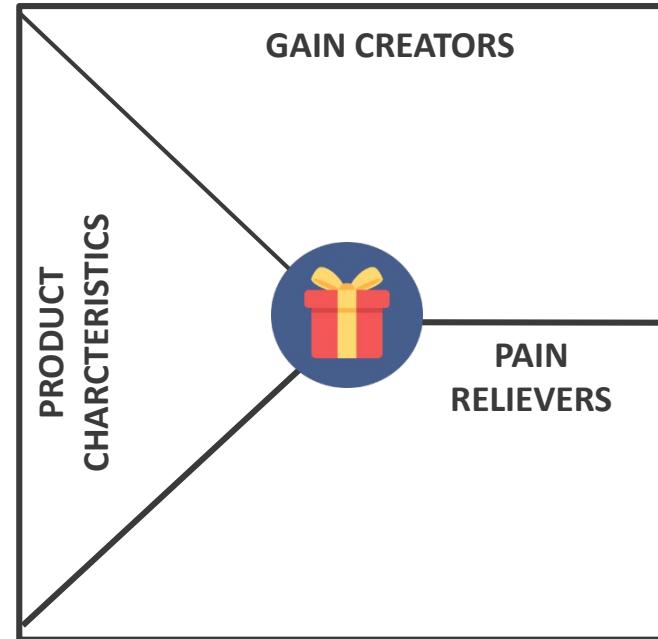


Value Map

Features of a specific value proposition in your business model in a more detailed way (product and service characteristics, pain relievers, and gain creators)

List of all **Product/Service Characteristics** a value proposition is built around

Gain Creators describe how your products/services create customer gains.



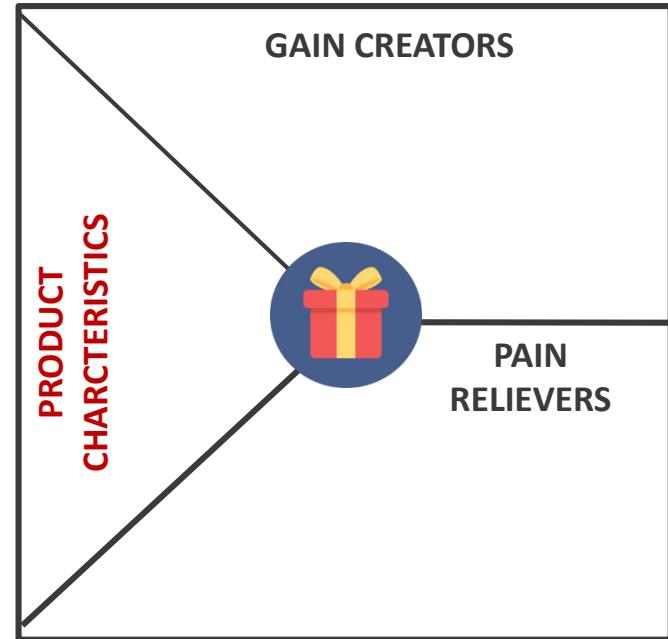
Pain Relievers describe how your products/services alleviate customer pains.

Modified from Osterwalder et al. 2014

Value Map: Product/Service Characteristics

The list of what you **offer**, all the product/service characteristics your customers can see in your “**shop window**”.

- Key characteristics of the product/service
 - Should customers allow to get their jobs done
 - Customer can see them and use them for evaluation of the offer
 - Customer use them to compare with offers from competitors - Essential decision-factors for the customer
 - Directly related to the customers' satisfaction
- Other management tools like Kano Model and/or Product Model could be used here

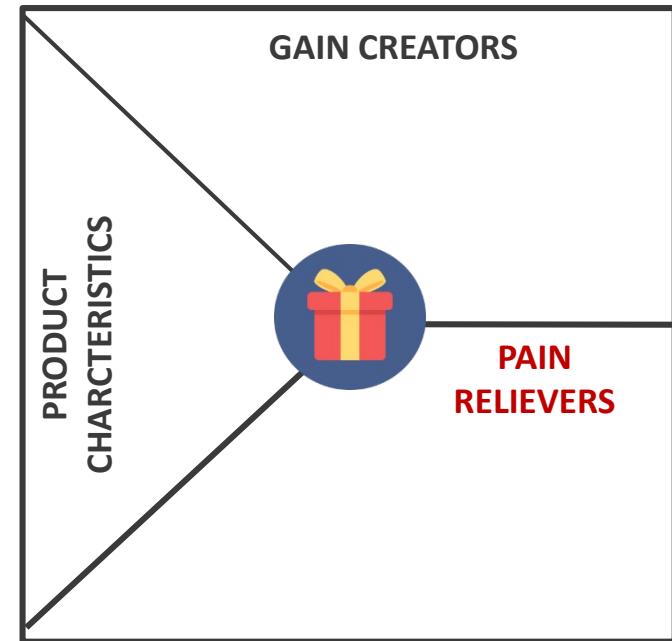


Modified from Osterwalder et al. 2014

Value Map: Pain Relievers

Pain relievers describe how exactly your product/service **alleviate** specific **customer pains**.

- **Elimination** or reduction of the **things that annoy your customers** before, during, or after they are trying to complete a job or that prevent them from doing so
- **Great value propositions** focus on pains that matter to customers, in particular **extreme pains**
 - No need for pain reliever for every pain you've identified in the customer profile
- Focus only on few pains that they alleviate extremely well

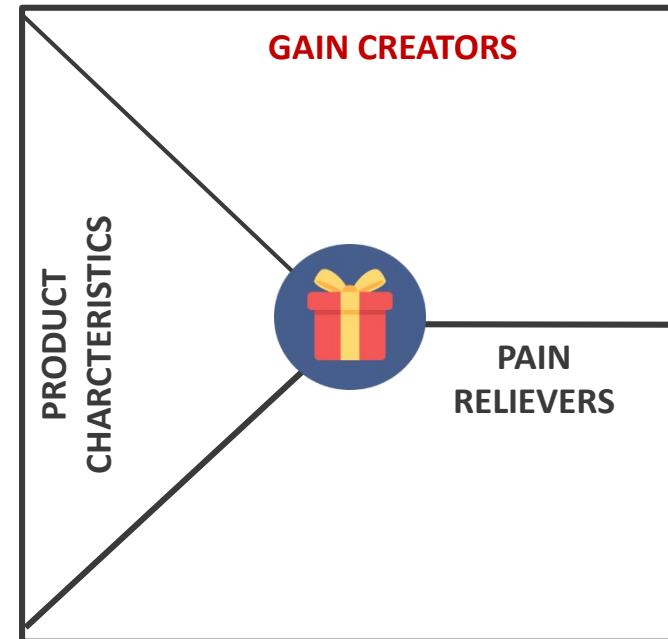


Source: Osterwalder et al. 2014

Value Map: Gain Creators

Gain Creators describe how your product/service **create additional customer gains**.

- Contribute to long term customer **loyalty**
- **Unexpected** benefits: they are not missed when they are absent
- May cause **enormous satisfaction**
- **Focus on relevance** for customers and where your product/service can make a difference



Modified from Osterwalder et al. 2014

Do's and Don'ts – Value Map

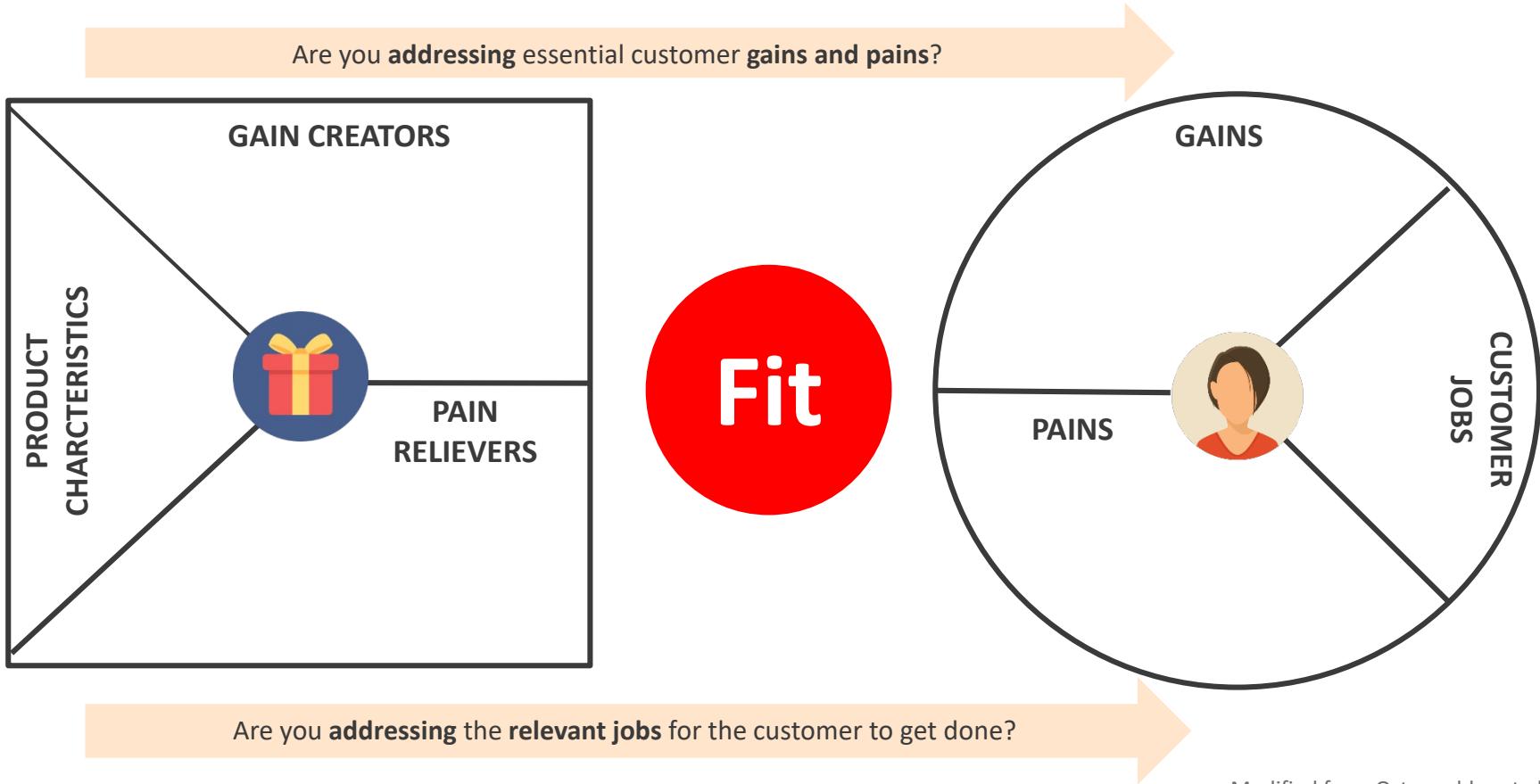


- List all your products and services for all customer segments
- Try to address all customer pains and gains
- List only the bundle of products and services that jointly form a value proposition for a specific customer segment
- Great value propositions are about making choices (be honest not unrealistic)

Modified from Osterwalder et al. 2014

FIT

Getting the customer excited about your value proposition



Modified from Osterwalder et al. 2014

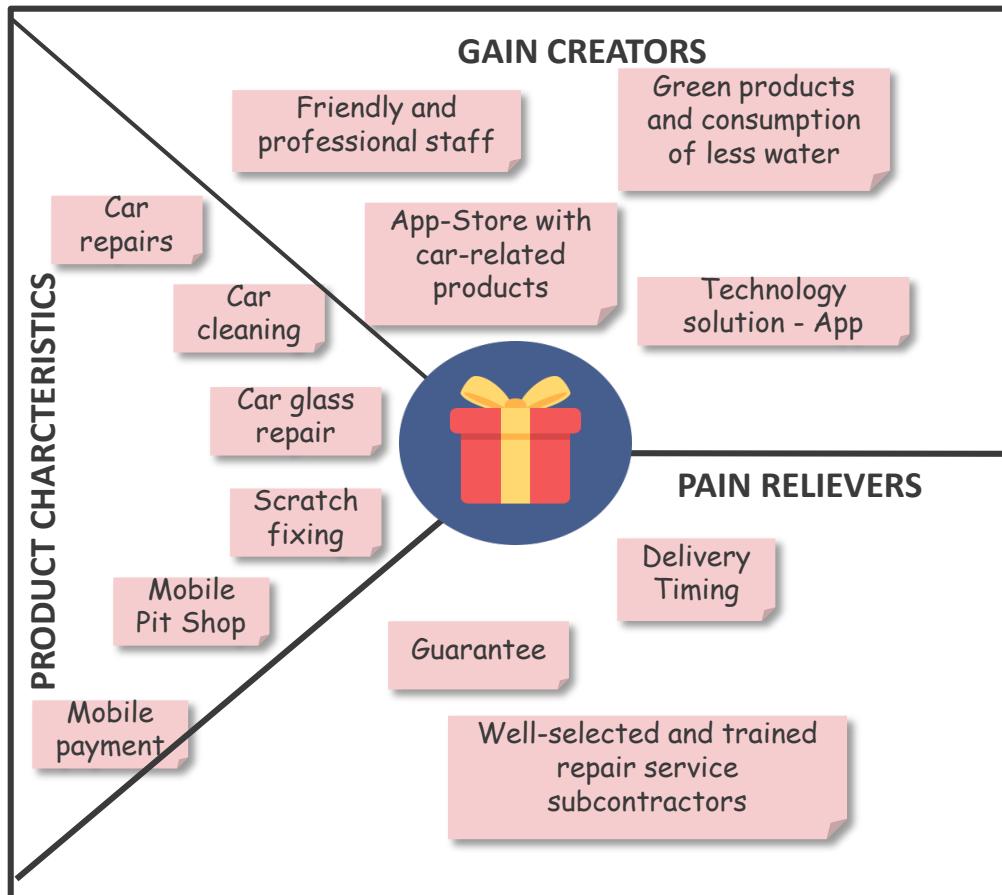


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Value Map: Mobile Car Care Service



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Value Proposition – Kano Model



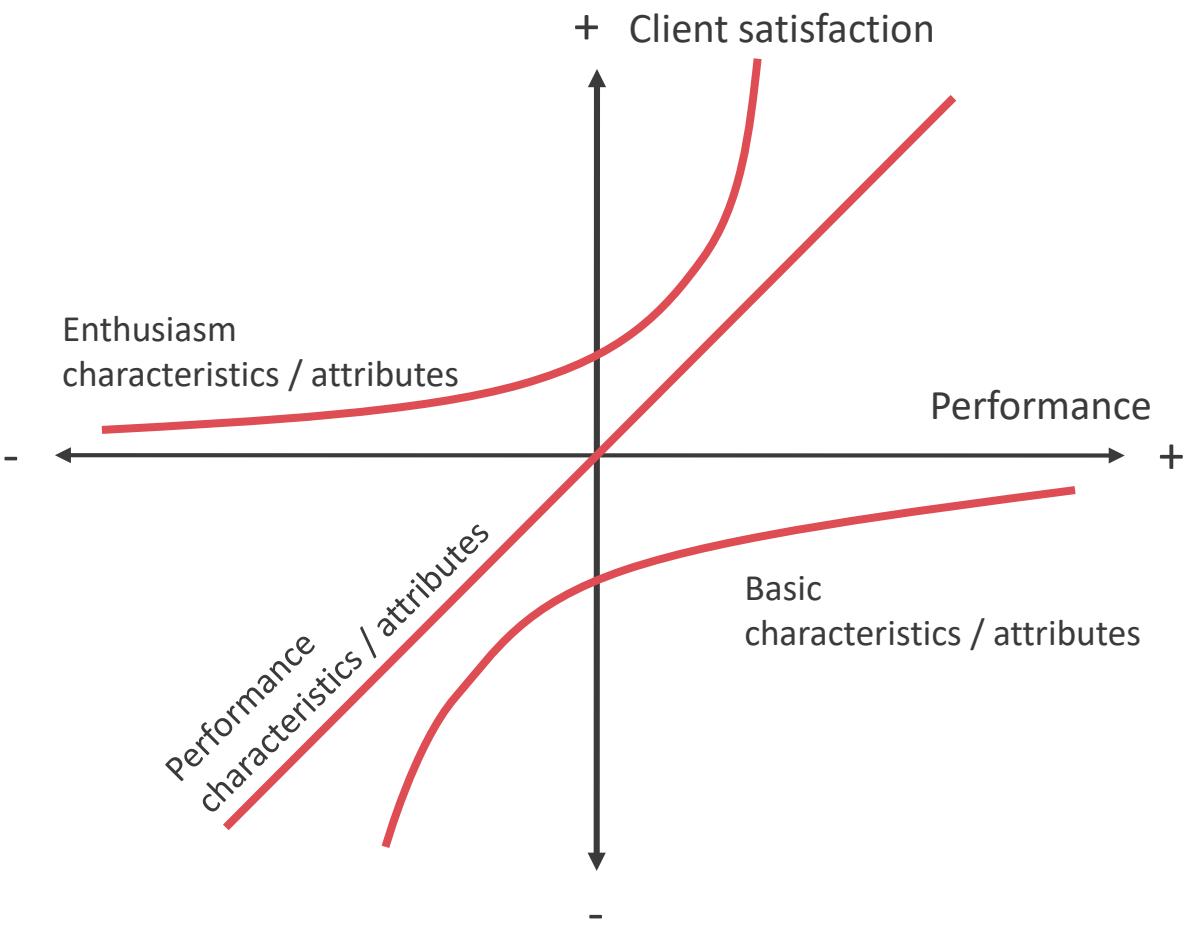
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Kano Model

- Systematization method for characteristics or attributes of a product or service
- Three level model
 - Basic characteristics / attributes
 - Performance characteristics / attributes
 - Enthusiasm characteristics / attributes



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Kano Model: 4 Star Hotel Service

BASIC

- Do not cause extra enthusiasm: are a “Must have”
- Not mentioned by the clients
- The supplier does not advertise them
- Represent a market “threshold”
- Example:
 - A bed in the hotel room

PERFORMANCE

- Essential decision-factors for the customer
- Directly compared to the ones of the competitors
- Directly related to the customers' satisfaction
- Clients are disappointed if the functionality or quality decline
- Example
 - Size of the hotel room

ENTHUSIASM

- Contribute to incorporate the customer in long term
- Unexpected benefits: they are not missed when they are absent
- May cause enormous satisfaction
- Example
 - Personal trainer in the gym of the hotel



Value Proposition – Product Model



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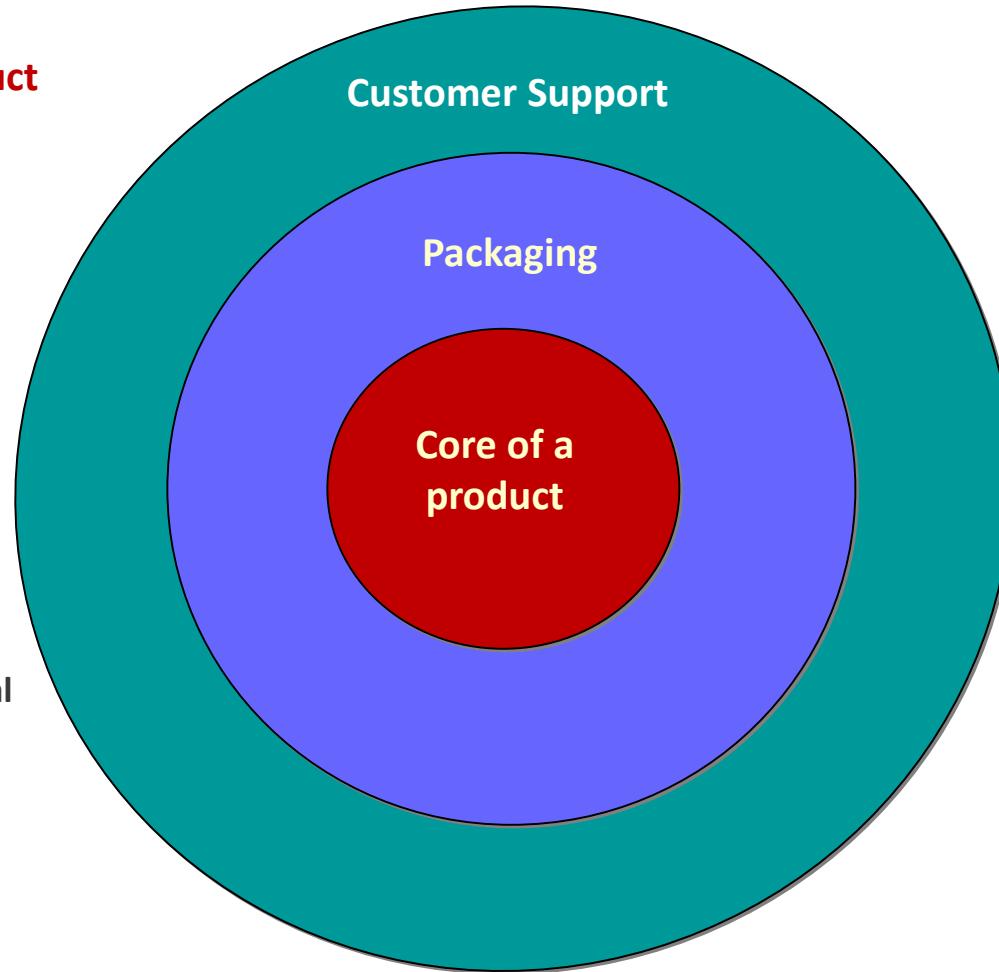
Product Model

Core of a product

Functions
Quality
Design

Packaging

Packaging material
Label/Design
Brand name



Customer Support

Before sales
Giving advice
Analysis of the problem
Elaboration of the project
Finance

After sales

Transport at home
Instruction manual
Installation
Installation support
Spare parts
Maintenance
Training
Guarantee



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Service Product Model

Core of a Service Product

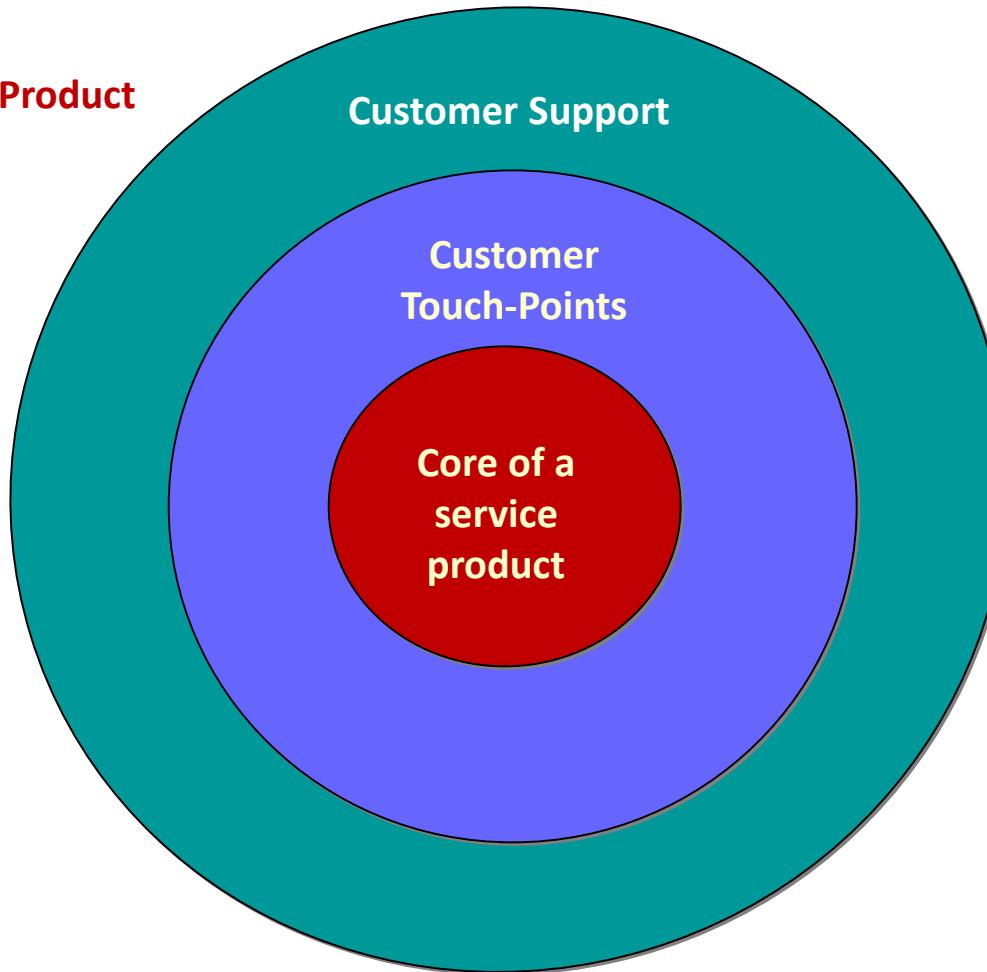
Functions
Quality

Customer Touch- Points

Front-Office

- Facilities
- Internet
- Others

Branding



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Business Model Development - Business Model Canvas



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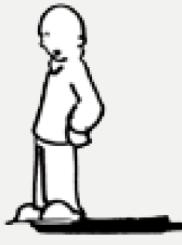
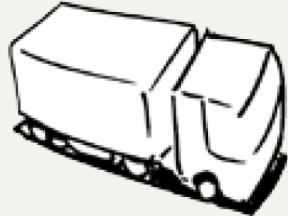
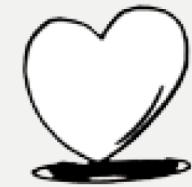
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Business Model Canvas

- Definition:
 - *A business model describes the rationale of how an organization creates, delivers, and captures value (Osterwalder et al. 2010)*
- The business model concept of Osterwalder et al. (2010)
 - A simple, relevant, and intuitively understandable concept while not oversimplifying the complexities of how enterprises function
 - Nine basic building blocks to show the logic of how a company intends to make money
 - Covering the four main areas of a business: customers, offer, infrastructure, and financial viability
 - A blueprint for a strategy to be implemented through organizational structures, processes, and systems



Nine Building Blocks

			
CS 1 Customer Segments <i>An organization serves one or several Customer Segments.</i>	VP 2 Value Propositions <i>It seeks to solve customer problems and satisfy customer needs with value propositions.</i>	CH 3 Channels <i>Value propositions are delivered to customers through communication, distribution, and sales Channels.</i>	CR 4 Customer Relationships <i>Customer relationships are established and maintained with each Customer Segment.</i>



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Nine Building Blocks



R\$ 5 Revenue Streams

Revenue streams result from value propositions successfully offered to customers.



KR 6 Key Resources

Key resources are the assets required to offer and deliver the previously described elements...



KA 7 Key Activities

...by performing a number of Key Activities.



KP 8 Key Partnerships

Some activities are outsourced and some resources are acquired outside the enterprise.

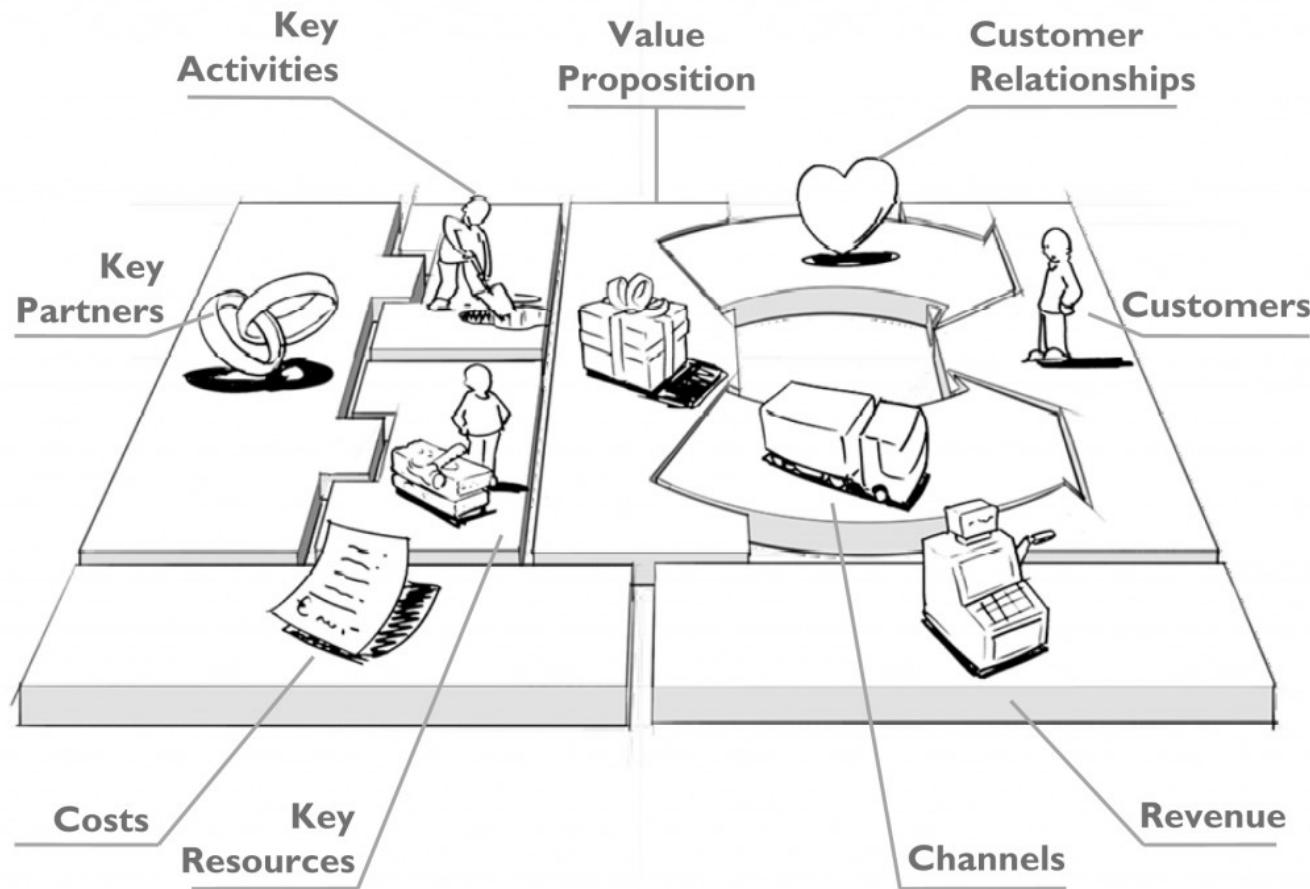


C\$ 9 Cost Structure

The business model elements result in the cost structure.



Business Model Canvas



Source: Osterwalder et al. 2010.



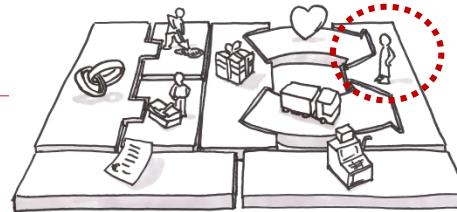
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Customer Segments (CS)



- Defining the different groups of people or organizations to reach
- Grouping customers into distinct segments with common demand, buying behaviors or other characteristics
- Detailed description of the customer characteristics and demand is necessary



Source: Osterwalder et al. 2010.

Value Proposition (VP)



- Value proposition is a description of the benefit a customer or business partner might gain from their relation to a particular business
- Describing the bundle of products and services that create value for a specific Customer Segment
- Value Propositions may be innovative and represent a new offer or similar to existing offers (with added features and attributes)

Price

Design

Brand/status

Cost reduction

Accessibility

Newness

Convenience/usability

Customization

Performance

Risk reduction

“Getting the job done”

“No Human need a Porsche but everybody is dreaming to have one” Wendelin Wiedeking, Former CEO



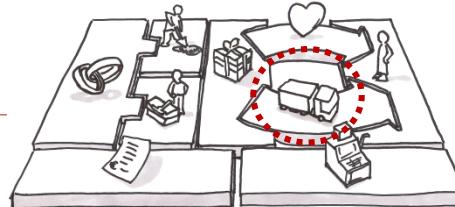
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Source: Osterwalder et al. 2010.

Channels (CH)



- Describing how a company communicates with and reaches its Customer Segments to deliver a Value Proposition (communication, distribution, and sales channels)

1. Awareness: How do we raise awareness about our company's products and services?

2. Evaluation: How do we help customers evaluate our organization's Value Proposition?

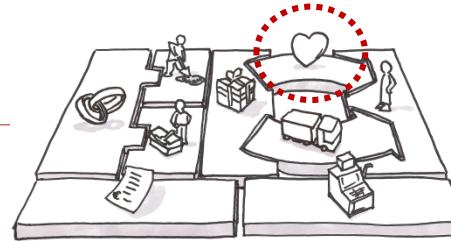
3. Purchase: How do we allow customers to purchase specific products and services?

4. Delivery: How do we deliver a Value Proposition to customers?

5. After sales: How do we provide post-purchase customer support?

Source: Osterwalder et al. 2010.

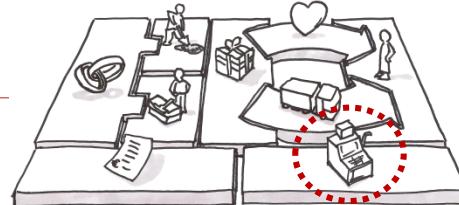
Customer Relationships (CR)



- Describing the types of relationships a company establishes with specific customer segments
- Driven by motivations (customer acquisition, customer retention, boosting sales)
- Categories of customer relationships:
 - *Personal assistance: based on human interaction*
 - *Dedicated personal assistance: most intimate type of relationship*
 - *Self-service: no direct relationship with customers*
 - *Automated services: mixing self-service with automated processes*
 - *Communities: online communities to exchange knowledge*
 - *Co-creation: involving customers in processes*

Source: Osterwalder et al. 2010.

Revenue Streams (R\$)



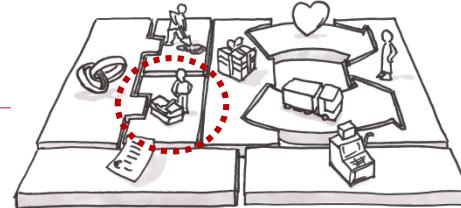
- Representing the cash a company generates from each customer segment
- Types of revenue streams (revenues resulting from one-time customer payments, and recurring revenues resulting from ongoing payments to either deliver a value proposition to customers or provide post-purchase customer support)
- Possibilities to generate revenue streams:
 - *Asset sale*
 - *Usage fee*
 - *Subscription fees*
 - *Lending/Renting/Leasing*
 - *Licensing*
 - *Brokerage fees*
 - *Advertising*
 - *Auctions*

Source: Osterwalder et al. 2010.



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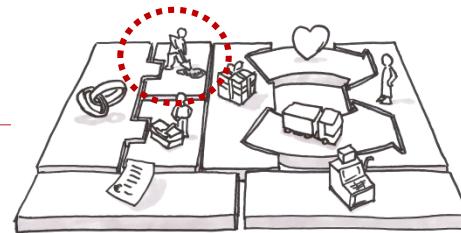
Key Resources (KR)



- Describing important assets required to make a business model work
- Owned or leased by the firm or acquired from key partners
- Categories:
 - *Physical: assets such as manufacturing facilities, buildings, vehicles, machines, systems, point-of-sales systems, and distribution networks*
 - *Intellectual: resources such as brands, proprietary knowledge, patents and copyrights, partnerships, and customer databases*
 - *Human: qualified employees*
 - *Financial: resources and/or financial guarantees, such lines of credit*

Source: Osterwalder et al. 2010.

Key Activities (KA)



- Describing the most important things a company must do to make its business model work
- Differ depending on business model type
- Categories:
 - *Production*
 - *Marketing*
 - *Distribution*
 - *Research & Development*
 - *Plattform management*
 - *Problem solving*
 - *etc.*

Source: Osterwalder et al. 2010.

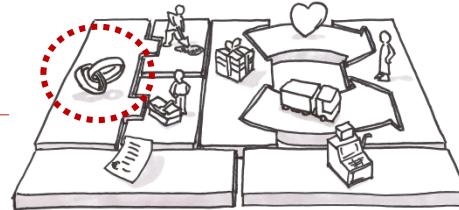


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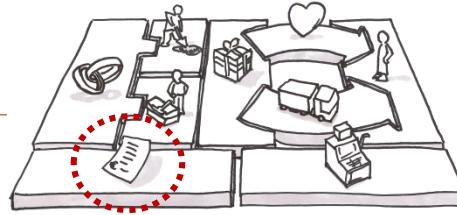
Key Partnerships (KP)



- Describing the network of suppliers and partners that make the business model work
- Types of partnerships (Strategic alliances between non-competitors; Coopetition-strategic partnerships between competitors; Joint ventures to develop new businesses; Buyer-supplier relationships, etc.)
- Motivations for creating partnerships:
 - *Acquisition of particular resources and activities*
 - *Optimization and economy of scale*
 - *Reduction of risk and uncertainty*
 - *Creating new image*
 - *Getting access to customers*
 - *etc.*

Source: Osterwalder et al. 2010.

Cost Structure (C\$)

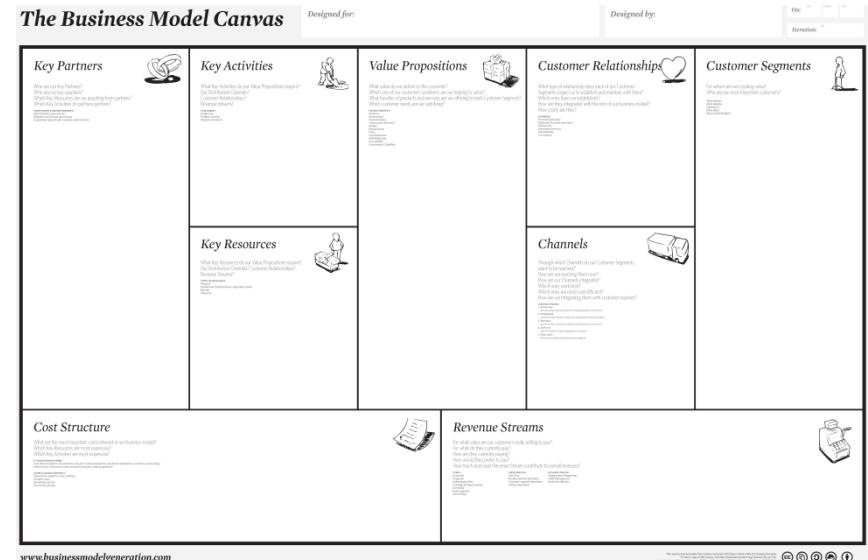
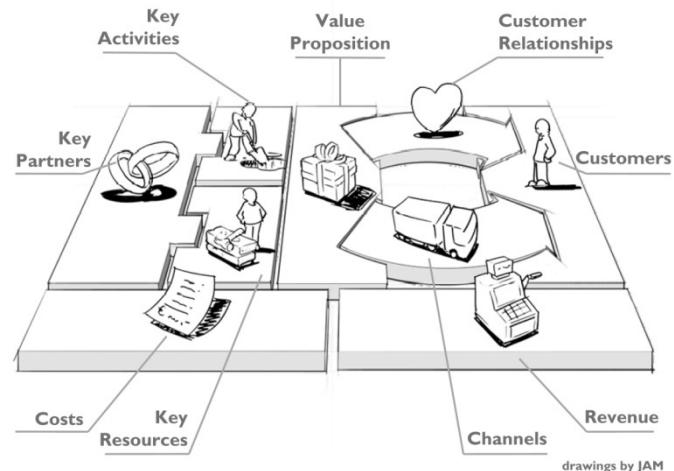


- Describing the most important cost items incurred to operate a business model
- Depending on key resources, key activities, and key partnerships
- Differentiation between cost-driven and value-driven cost structures
 - *Cost-driven:*
Maintaining the leanest possible cost structure, using low price value propositions, maximum automation, and extensive outsourcing
 - *Value-driven:*
Companies less concerned with the cost implications, premium value propositions and a high degree of personalized service

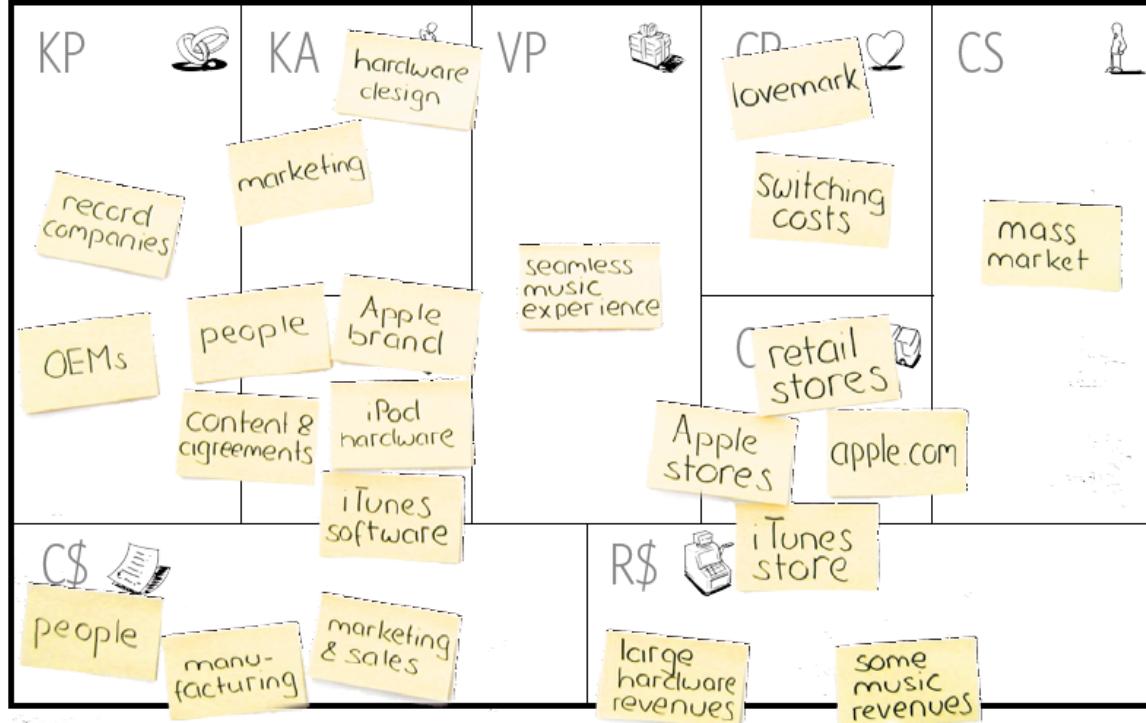
Source: Osterwalder et al. 2010.

Graphic representation

- The nine business model Building Blocks form the basis for the Business Model Canvas



Business Model Canvas: iPod/iTunes Apple



In 2001 Apple launched its iPod brand of portable media player.

The device works in conjunction with iTunes software that enables users to transfer music and other content from the iPod to a computer.

The software also provides a seamless connection to Apple's online store so users can purchase and download content.

This potent combination of device, software, and online store quickly disrupted the music industry and gave Apple a dominant market position.

Source: Osterwalder et al. 2010.



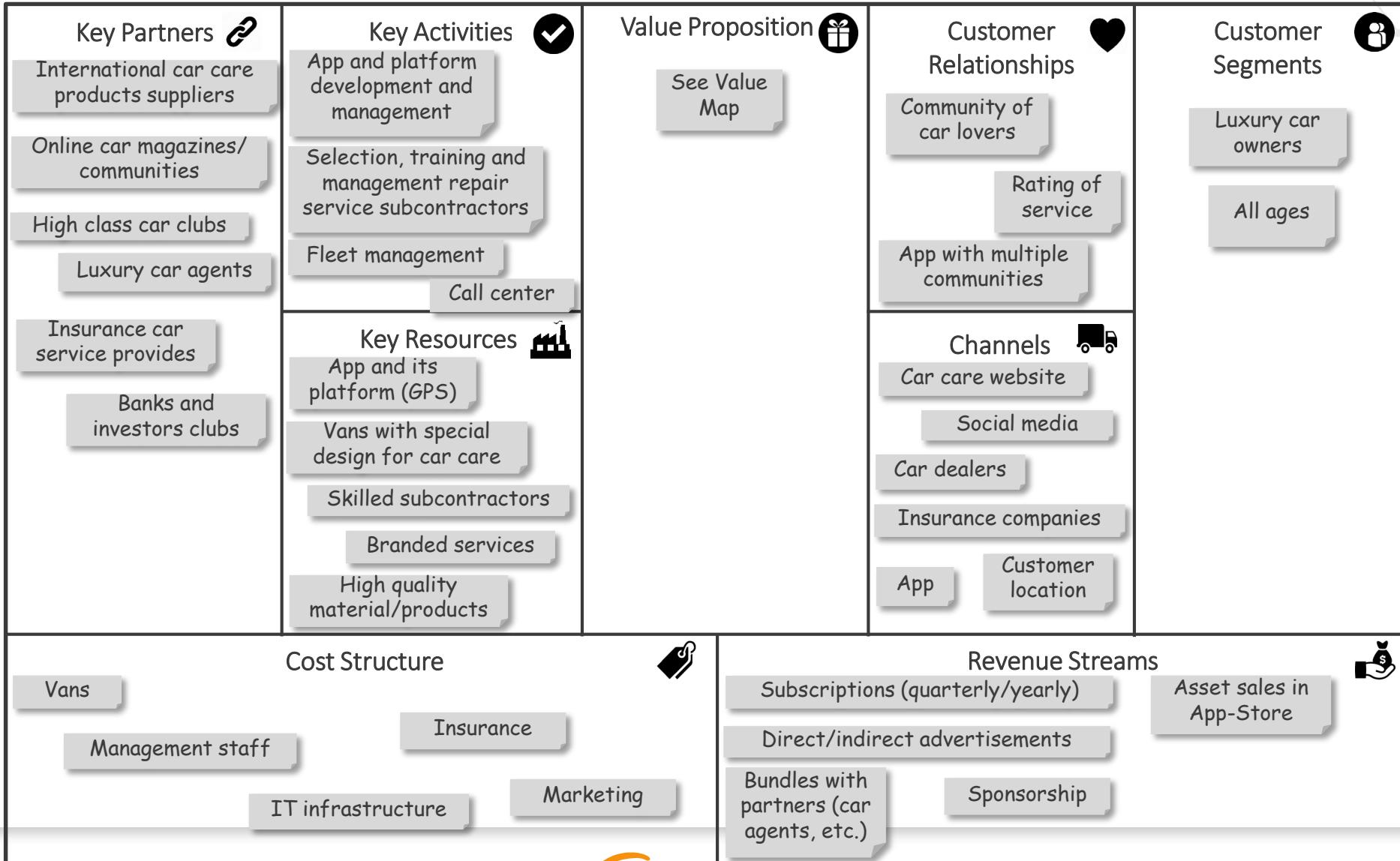
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Business Model Canvas: Mobile Car Care Service



Business Model Development - 10 Types of Innovation



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Business model – Example: azuri/indigo



Need



Technology



Business
Model

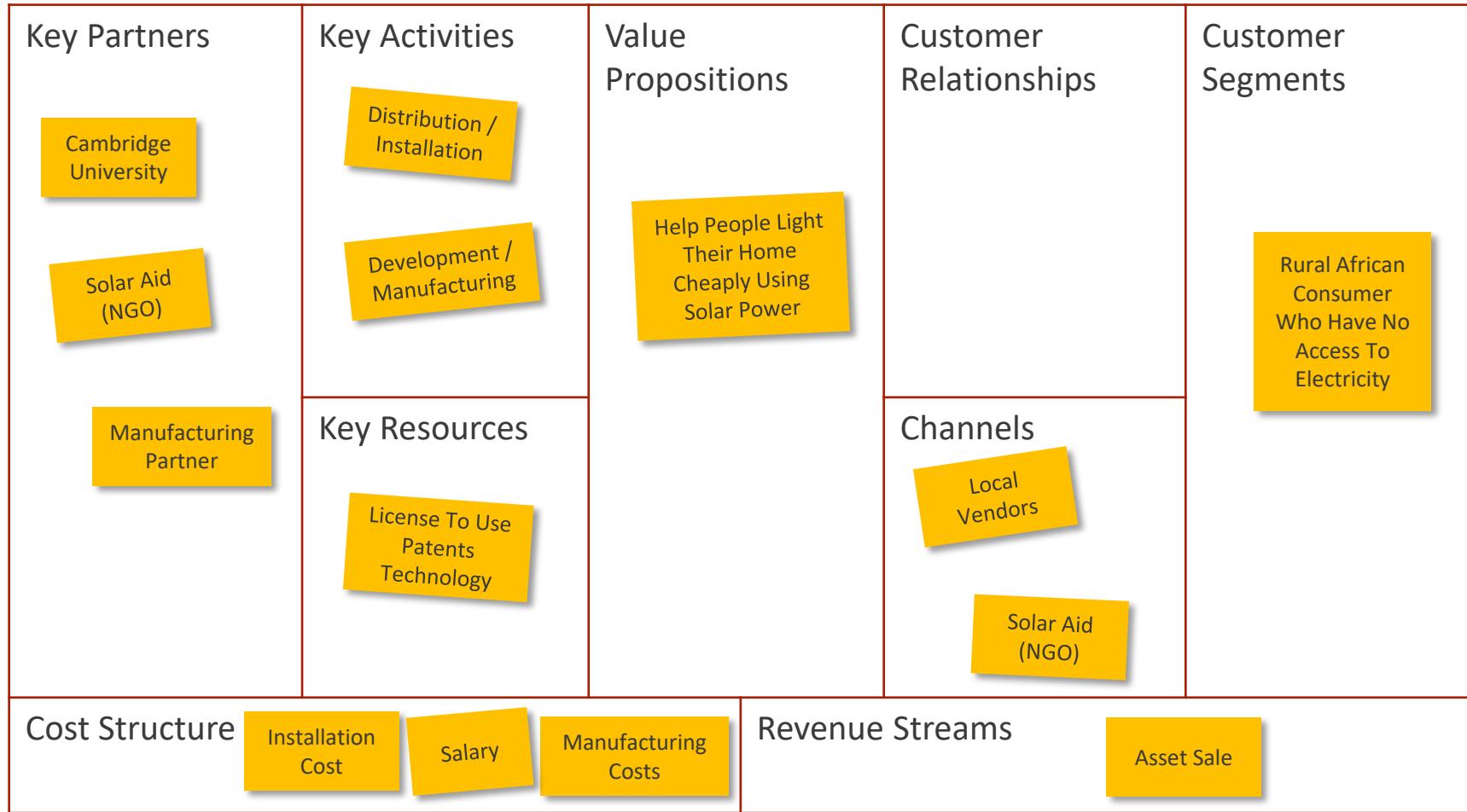


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Business Model Canvas: azuri/indigo



Based on: www.youtube.com/watch?v=Pw4fHdvmYvo



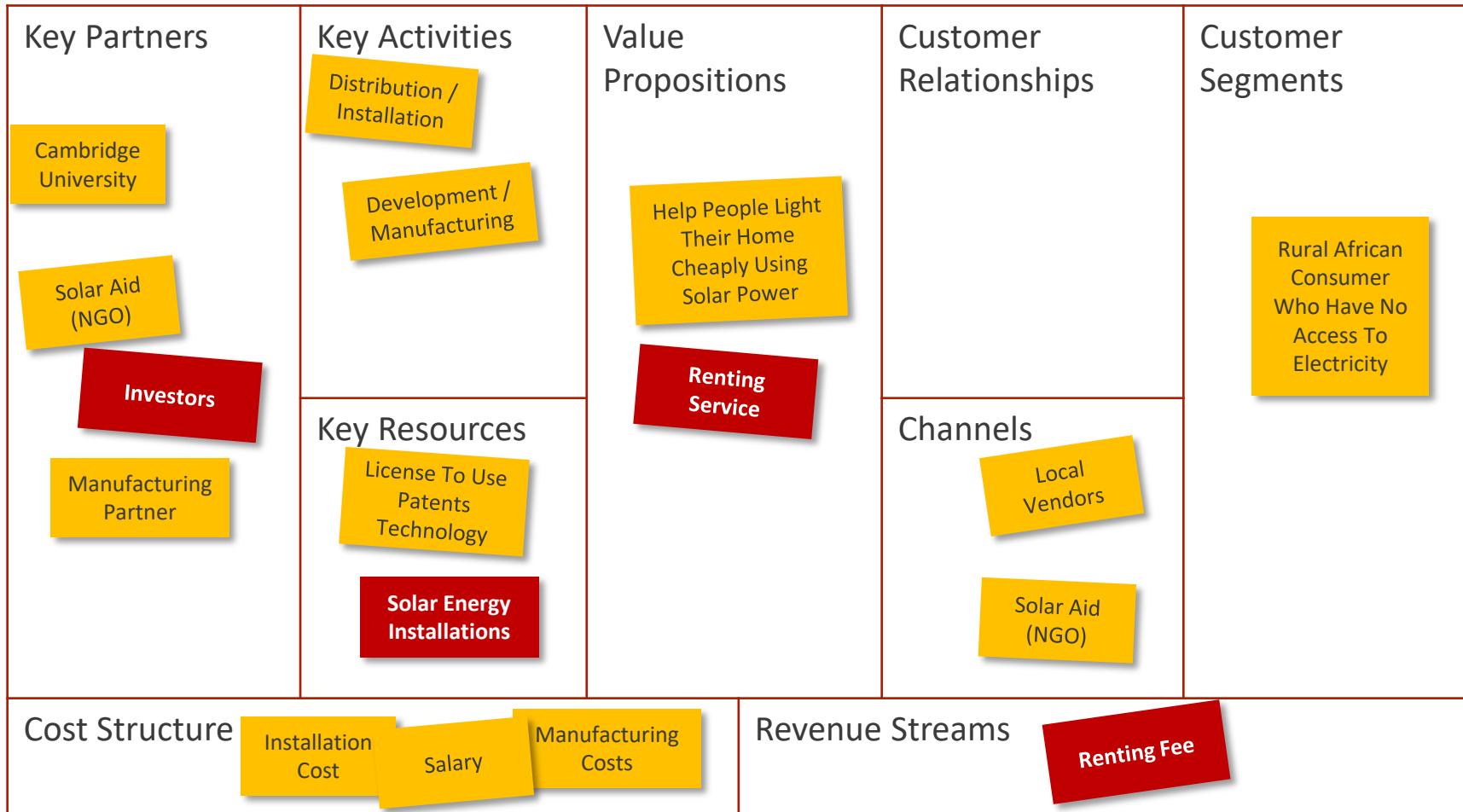
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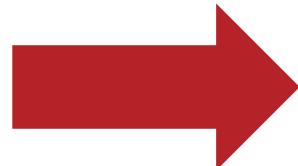
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Business Model Canvas: azuri/indigo



Based on: www.youtube.com/watch?v=Pw4fHdvmYvo

Business Model: azuri/indigo



Indigo – simple pay-as-you-go energy

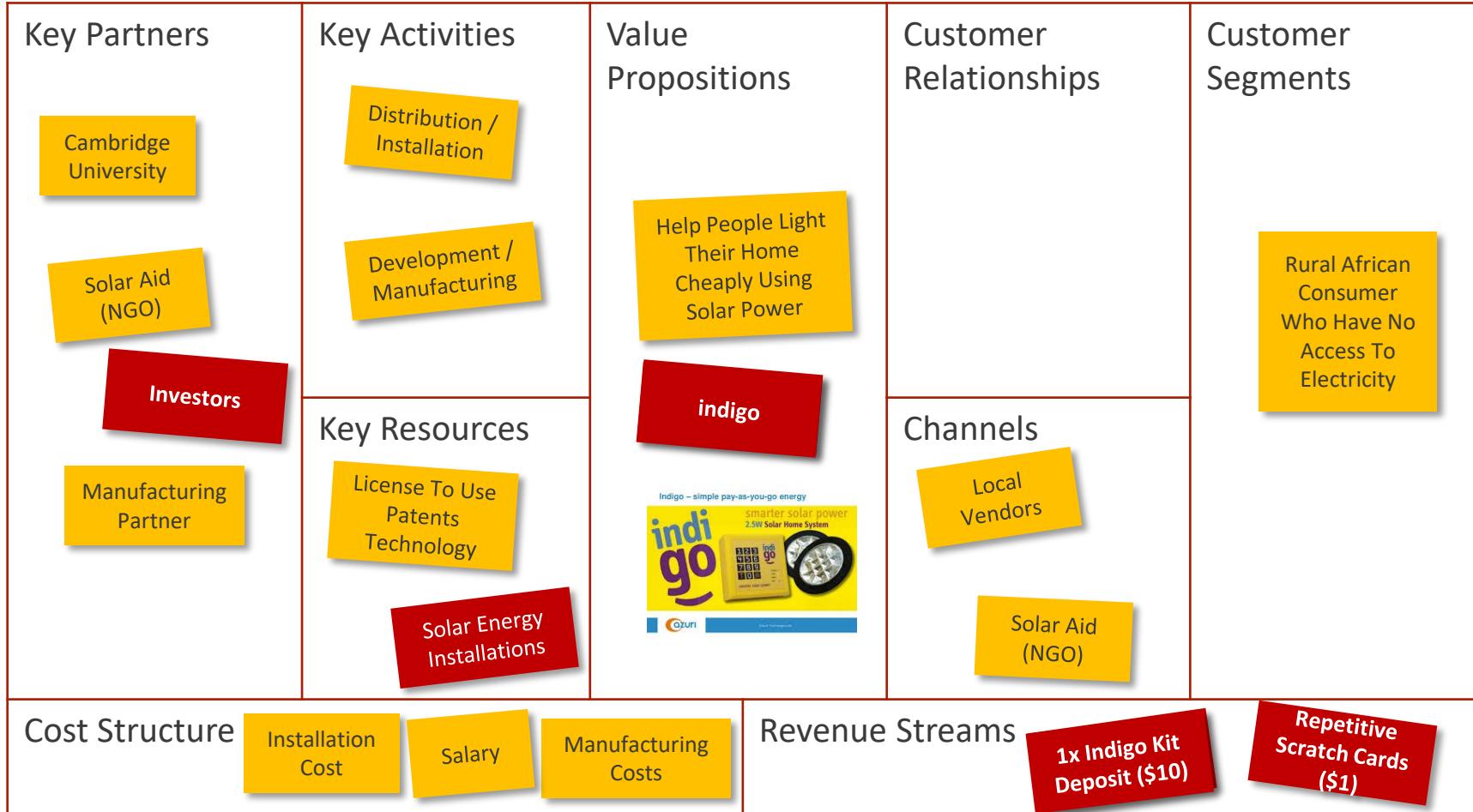


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Business Model Canvas: azuri/indigo



Based on: www.youtube.com/watch?v=Pw4fHdvmYvo



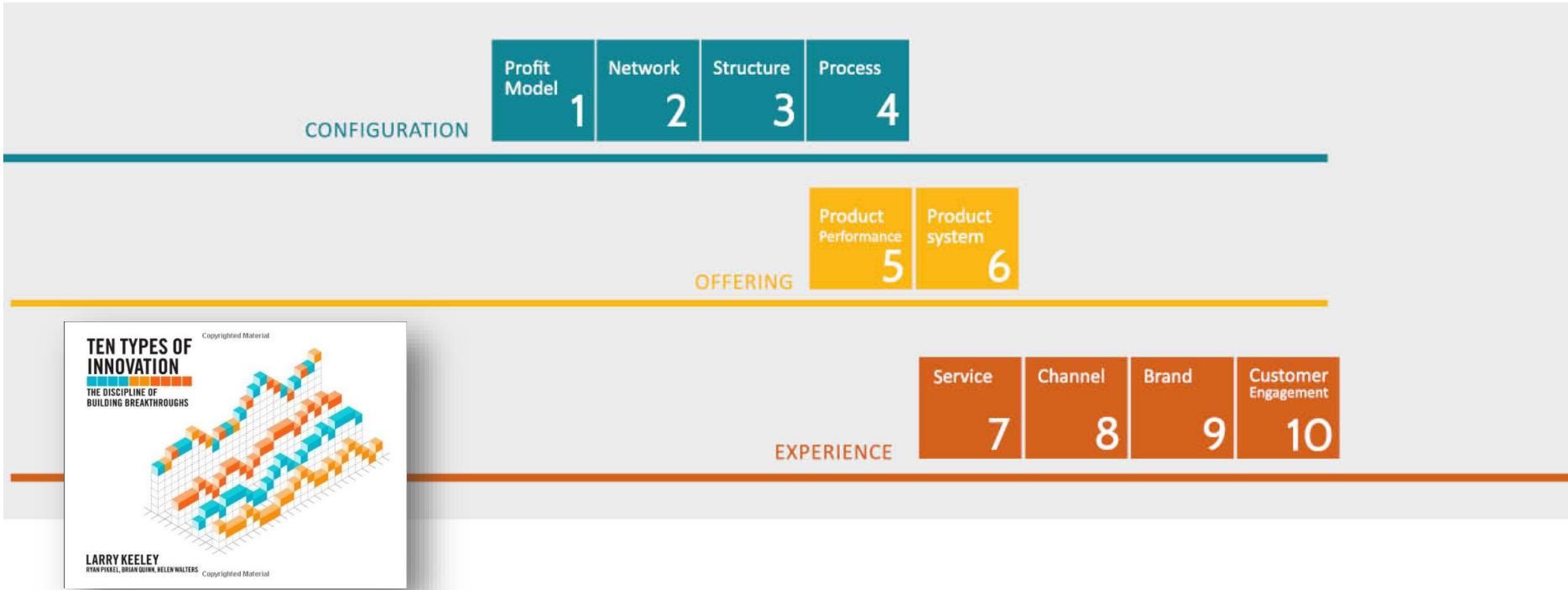
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10 Types of Innovation



Source: Keeley, L. et al. 2013.



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Offering

- **Product Performance:** The development of distinguishing features and functionality.
 - Completely new products, or significantly improved or unique features and functionality, qualities to existing ones.
 - It's the most visible and easiest form of innovation for competitors to copy, and so harder to derive longer-term competitive advantage.
- **Product System:** Creating of complementary products and services.
 - Bundle separate products or services together to create more value.
 - Could you or a partner create additional related products or services?



PORSCHE:
Very tailor-made
product



OSCAR MAYER:
Modular lunch
packs for kids at
school.

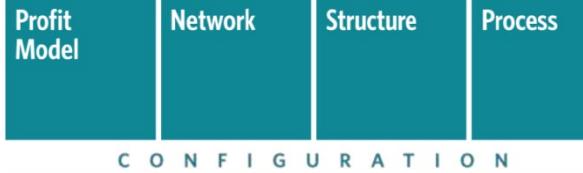


Source: Perkin [2014]; Keeley, L. et al. 2013.



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Business Configuration



- **Profit Model:** How you make money.
 - Innovative profit models will often challenge an industry's conventions on offering, pricing or revenue generation and they have significant potential since in manufacturing industries the dominant profit model might go unquestioned for decades
- **Network:** How you connect with others to create value.
 - Network innovations enable companies to capitalise on their own strengths whilst harnessing the advantage that might be derived from the capabilities and assets of others.
 - This might include sharing the risk associated with the development of new capability

GILLETTE:
Sells premium razors with loss, makes money on repeated sales of blades.



TARGET: Collaboration with leading designers for lines of affordable designed goods and fashions.



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Source: Perkin [2014]; Keeley, L. et al. 2013.

Business Configuration

- **Structure:** The organisation and alignment of talent, resource and assets.
 - Structure innovations can create unique value or efficiencies.
 - They can improve productivity and collaboration, help attract talent to the company, and drive performance
 - E.g.: Whole Foods Market, SouthWest Airlines, FabIndia.
- **Process:** Developing and implementing unique or superior methods.
 - Process innovations involve a significant level of change from 'business as usual' that can drive greater capability, adaptability or efficiency.
 - The development of unique processes can prove difficult for competitors to access and can yield advantage for extended periods of time



VW:
Perfect en production of different brands based on one standaradized production platform



Source: Perkin [2014]; Keeley, L. et al. 2013.

Experience

- **Service:** supporting and amplifying the value of your offerings.
 - Enhancing performance, utility and loyalty through improved design or service provision, fixing customer pain points and helping to ensure seamless customer journeys.
 - This can elevate the average into the exceptional, and create a compelling experience
- **Channel:** The way in which your offerings is brought to customers.
 - Channel innovations are focused on finding new or multiple ways to bring products and services to users, creating an extraordinary experience with minimal friction



7-ELEVEN in Japan offers a wide range of complementary services



NESPRESSO:
Various channels, but
NO supermarkets.



ADDIDAS:
Pop-up presence

Source: Perkin [2014]; Keeley, L. et al. 2013.



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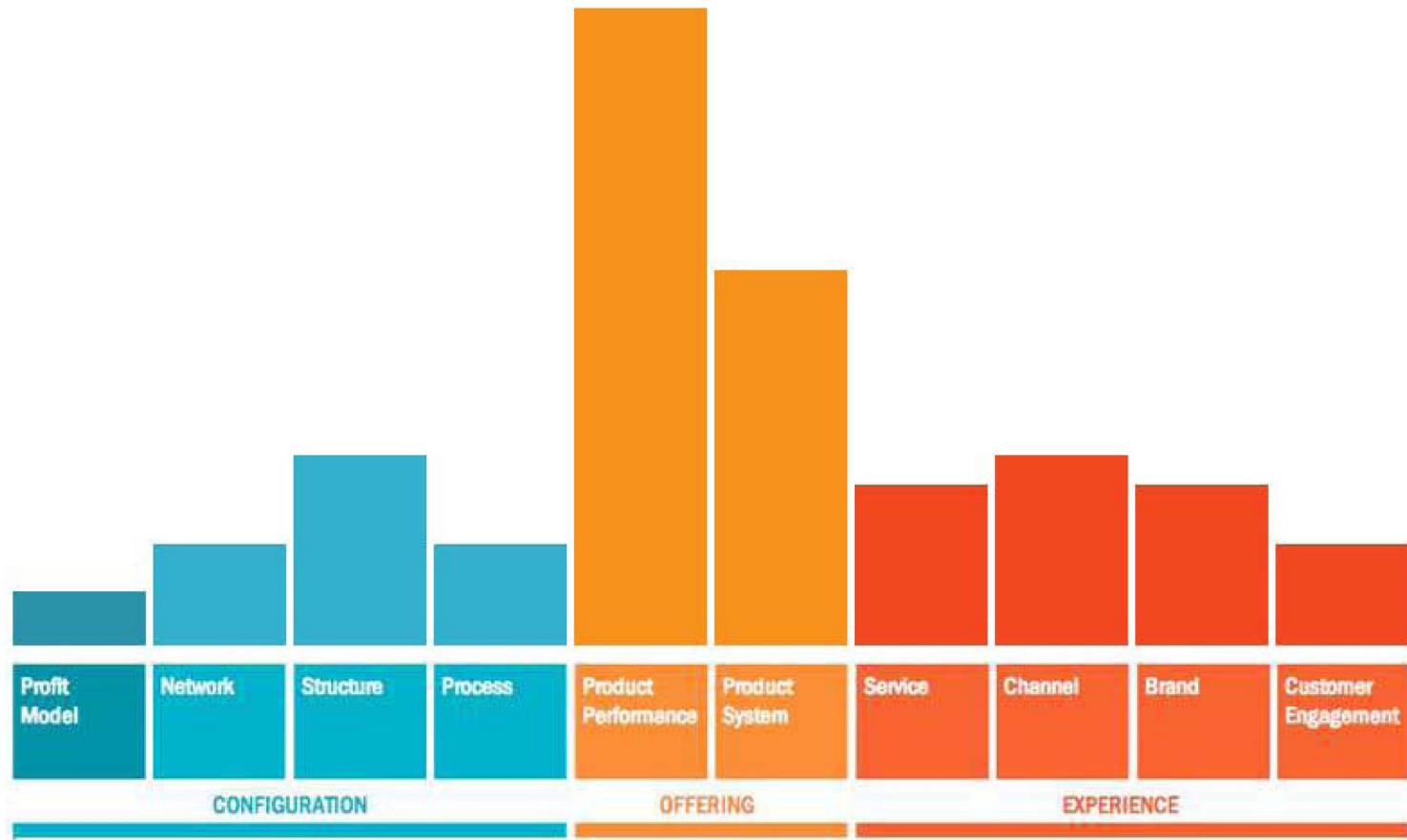
Experience

- **Brand:** The representation of your offerings and business.
 - Innovations in the way that consumers might recognise, recall or associate your brand, the distinct identity and ‘promise’ of your offering.
 - Often incorporating multiple customer touchpoints, these can confer value, meaning and intent to the offering.
- **Customer Engagement:** Fostering compelling interactions.
 - The development of more meaningful customer connections derived from deep understanding of customer aspirations, needs and desires.
 - Helping people to “find ways to make parts of their lives more memorable, fulfilling, delightful - even magical”



Source: Perkin [2014]; Keeley, L. et al. 2013.

Investments in Innovation



Source: Perkin [2014]; Keeley, L. et al. 2013.



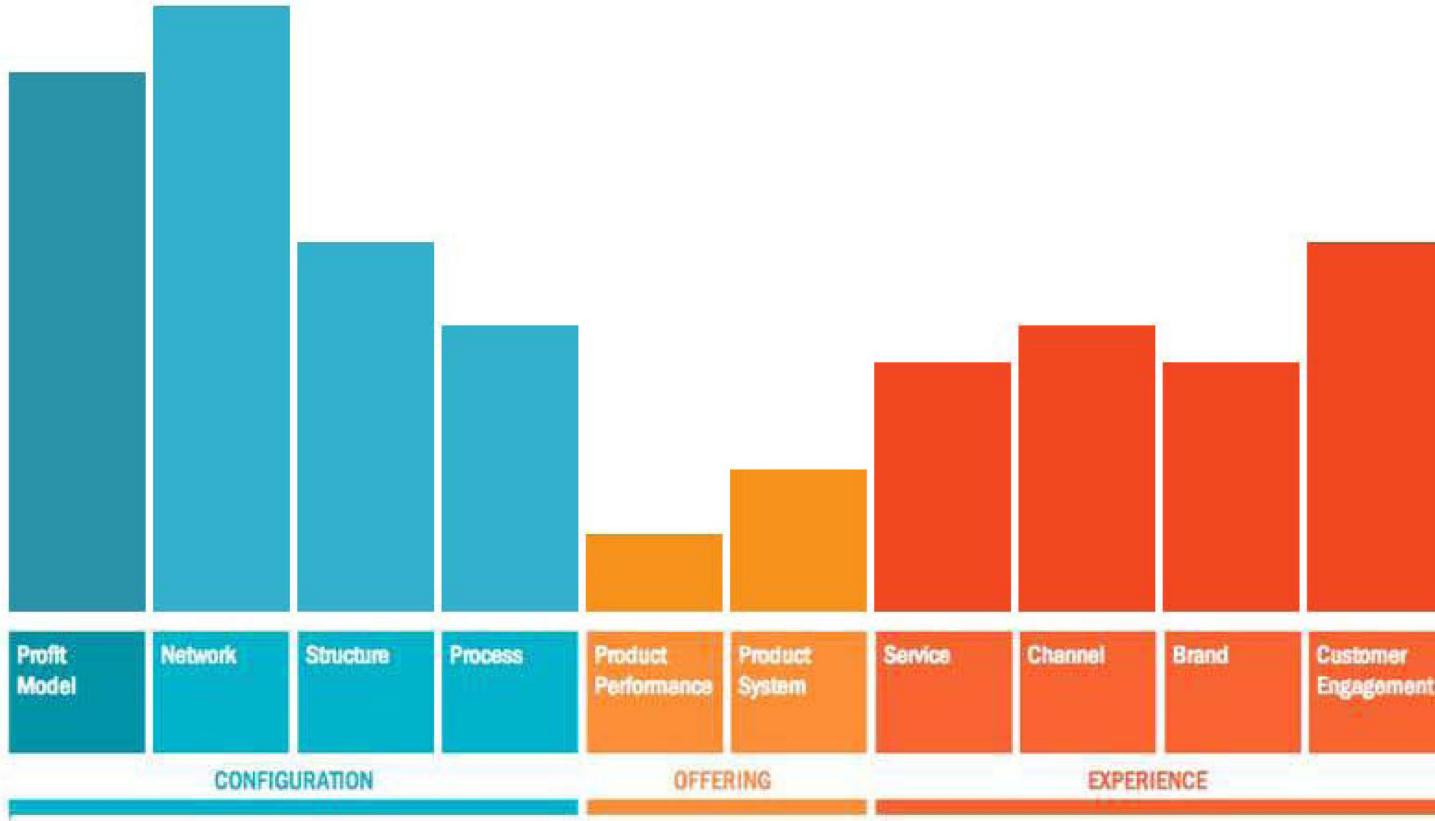
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Successful Investments in Innovation



Source: Perkin [2014]; Keeley, L. et al. 2013.



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Innovation Tactics

TACTICS OVERVIEW

Profit Model	Network	Structure	Process	Product Performance	Product System	Service	Channel	Brand	Customer Engagement
Premium Price at a higher margin than competitors, usually for a superior product, offering, experience, service or brand.	User-Defined Invite customers to set a price they wish to pay.	Merge/Acquisition Combine two or more entities to gain access to capabilities and assets.	Organizational Design Make form follow function and align infrastructure with core qualities and business processes.	Process Standardization Use common products, procedures, and policies to reduce complexity, costs, and errors.	Superior Product Develop an offering of exceptional design, quality, and/or experience.	Complements Sell additional related or ancillary products or services to a customer.	Try Before You Buy Let customers test and experience an offering before investing in it.	Diversification Add and expand into new or different channels.	Process Automation Remove the burden of repetitive tasks from the user to simplify life and make new experiences seem magical.
Cost Leadership Keep variable costs low and sell high volumes at low prices.	Freemium Offer basic services for free, while charging a premium for advanced or special features.	Consolidation Acquire multiple companies in the same market or complementary markets.	Incentive Systems Offer rewards (financial or non-financial) to provide motivation for a particular course of action.	Localization Adapt an offering, process, or experience to target a culture or region.	Ease of Use Make your product simple, intuitive and comfortable to use.	Extensions/Plug-ins Allow first- or third-party add-ons that add functionality.	Guarantees Reduce customer risk of lost money or time stemming from product failure or purchase error.	Flagship Store Create a store to showcase quintessential brand and product attributes.	Brand Leverage “Lend” your credibility and allow others to use your name—thus extending your brand’s reach.
Scaled Transactions Maximize margins by pursuing high volume, large scale transactions when unit costs are relatively fixed.	Flexible Pricing Vary prices for an offering based on demand.	Open Innovation Obtain access to processes or patents from other companies to leverage, extend, and build on expertise and/or do the same with internal IP and processes.	IT Integration Integrate technology resources and applications.	Process Efficiency Create or produce more while using fewer resources—measured in materials, energy consumption or time.	Engaging Functionality Provide an unexpected or newsworthy experiential component that elevates the customer interaction.	Product Bundling Offer several products for sale as one combined product.	Loyalty Programs Provide benefits and/or discounts to frequent and high-value customers.	Go Direct Skip traditional retail channels and connect directly with customers.	Experience Simplification Reduce complexity and focus on delivering specific experiences exceptionally well.
Microtransactions Sell many items for as little as a dollar—or even only one cent—to drive impulse purchases at volume.	Float Receive payment prior to building the offering—and use the cash to earn interest prior to making margins.	Secondary Markets Combine waste streams, by-products, or other alternative offerings to those who want them.	Competency Center Cluster resources, practices and expertise into support centers that increase efficiency and effectiveness across the broader organization.	Flexible Manufacturing Use a production system that can rapidly react to changes and still operate efficiently.	Safety Increase the customer's level of confidence and security.	Modular Systems Provide a set of individual components that can be used independently, but gain utility when combined.	Concierge Provide premium service by taking on tasks for which customers don't have time.	Non-Traditional Channels Employ novel and relevant avenues to reach customers.	Curation Use a distinct point of view to separate the proverbial wheat from the chaff—and in the process create a strong identity for yourself and your followers.
Forced Scrappy Limit the supply of offerings available, by quantity, time frame or access, to drive up demand and/or prices.	Ad-Supported Provide content/services for free to one party while selling listeners, viewers or “eyeballs” to another party.	Supply Chain Integration Coordinate and integrate information and/or processes across a company or functions of the supply chain.	Outsourcing Assign responsibility for developing or maintaining a system to a vendor.	Process Automation Apply tools and infrastructure to combine existing offerings into a single offering.	Added Functionality Add new functionality to an existing offering.	Feature Aggregation Combine existing features found across offerings into a single offering.	Total Experience Management Provide thoughtful, holistic management of the consumer experience across an offering's lifecycle.	Pop-up Presence Create a temporary but temporary environment to showcase and/or sell offerings.	Component Branding Brand an integral component to a final offering appears more valuable.
Subscription Create predictable cash flows by charging customers up front (at one time or recurring fee) to have access to the product/service over time.	Licensing Grant permission to some other group or individual to use your offering in a defined way for a specified payment.	Complementary Partnering Leverage assets by sharing them with companies that serve similar markets but offer different products and services.	Decentralized Management Distribute decision-making governance closer to the customer or other key business interfaces.	On-Demand Production Produce items after an order has been received to avoid carrying costs of inventory.	Performance Simplification Omit superfluous details, features, and interactions to reduce complexity.	Integrated Offering Combine otherwise discrete components into a complete experience.	Indirect Distribution Use others as resellers who take ownership over delivering the offering to the final user.	Transparency Let customers see into your operations and participate with your brand and offerings.	Mastery Help customers to obtain great skill or deep knowledge of some activity or subject.
Membership Charge a time-based payment to permit access to locations, offerings, or services that non-members don't have.	Metered Use Allow customers to pay for only what they use.	Alliances Share risks and revenues to jointly improve individual competitive advantage.	Crowdsourcing Outsource repetitive or challenging work to a large group of semi-organized individuals.	Environmental Sensitivity Provide offerings that do no harm—or relatively less harm—to the environment.	Conservation Design your product so that customers can reduce their use of energy or materials.	Total Experience Management Provide thoughtful, holistic management of the consumer experience across an offering's lifecycle.	Multi-Level Marketing Offer users as resellers who take ownership over delivering the offering to the final user.	Component Branding Brand an integral component to a final offering appears more valuable.	Autonomy and Authority Grant users the power to use your offerings to shape their own experience.
Installed Base Offer a “core” product for slim margins (or even a loss) to drive demand and loyalty; then realize profit on add-on products and services.	Bundled Pricing Sell in a single transaction two or more items that could be sold as standalone offerings.	Franchising License business principles, processes, and brand to paying partners.	Asset Standardization Reduce operating costs and increase connectivity and modularity by standardizing your assets.	Intellectual Property Protect an idea that has commercial value—such as a recipe or industrial process—with legal tools like patents.	Customization Enable altering of the product or service to suit individual requirements or specifications.	Personalized Service Use the customer's own information to provide perfectly calibrated service.	Supplementary Service Offer ancillary services that fit with your offering.	Values Alignment Make your brand stand for a big idea or a set of values and express them consistently in all aspects of your company.	Community and Belonging Facilitate visceral connections to make people feel they are part of a group or movement.
Switchboard Connect multiple sellers with multiple buyers; the more buyers and sellers who join the more valuable the switchboard.	Risk Sharing Waive standard fees/costs if certain metrics aren't achieved, but receive outsize gains when they want.	Cooperation Join forces with someone who would normally be your competitor to achieve a common goal.	Collaboration Partner with others for mutual benefit.	Styling Impart a style, fashion or image.	On-Demand Design an offering specifically for a particular audience at the expense of others.	Conquest Specific Offer timely access to goods that are appropriate for a specific location, occasion, or situation.	Cross-selling Place products, services, or information that will enhance an experience in situations where customers are likely to want to access them.	Experience Center Create a space that encourages your customers to try multiple offerings—but purchase them through a different (and often lower-cost) channel.	Personalization Alter a standard offering to reflect the projection of the customer's identity.
Auction Allow a market—and its users—to set the price for goods and services.				User Generated Put your users to work in creating and curating content that powers your offerings.	Predictive Analytics Model past performance data and predict future outcomes to design and price offerings accordingly.	Self-Service Provide users with control over activities that would otherwise require an intermediary to complete.	Superior Service Provide service(s) of higher quality, efficacy, or with a better experience than any competitor.	Values Alignment Make your brand stand for a big idea or a set of values and express them consistently in all aspects of your company.	Whimsy and Personality Humanize your offering with small flourishes of on-brand, on-message ways of seeming alive.
									Status and Recognition Offer cues that infer meaning, engage users—and those who interact with them—to develop and nurture aspects of their identity.

CONFIGURATION

OFFERING

EXPERIENCE

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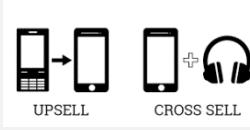


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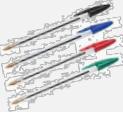
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Source: Perkin [2014]; Keeley, L. et al. 2013.

Diversification	Flagship Store	Go Direct	Non-Traditional Channels
Add and expand into new or different channels.	Create a store to showcase exemplary brand and products.	Connect directly to the customer skipping traditional retail channels.	Use novel channels to reach your customers.
<p>Porsche Consulting Simple. Fast. Success.</p> 			 
Pop-up Presence Create a attractive, notable but temporary enviroment to demonstrate and sell your offerings taking advantage of a trend or seasonal product.	Indirect Distribution Use partners as resellers that deliver the offering to the final client.	Cross-selling Suggest and sell additional / complementary product or service to an existing customer that enhance their experience.	On-Demand React promptly and flexible, and deliver goods and services whenever or wherever they are demanded.
	 		
Context Specific Offer timely access to goods and services that are appropiate for a specific location, occasion or situation.	Experience Center Create a space that encourages your clients to experience and test your offerings – but purchase them through a different (and often lower-cost) channel.	Multi-Level Marketing Sell bulk or packaged goods to an affiliated but independent sales force that turns around and sells for you.	
			

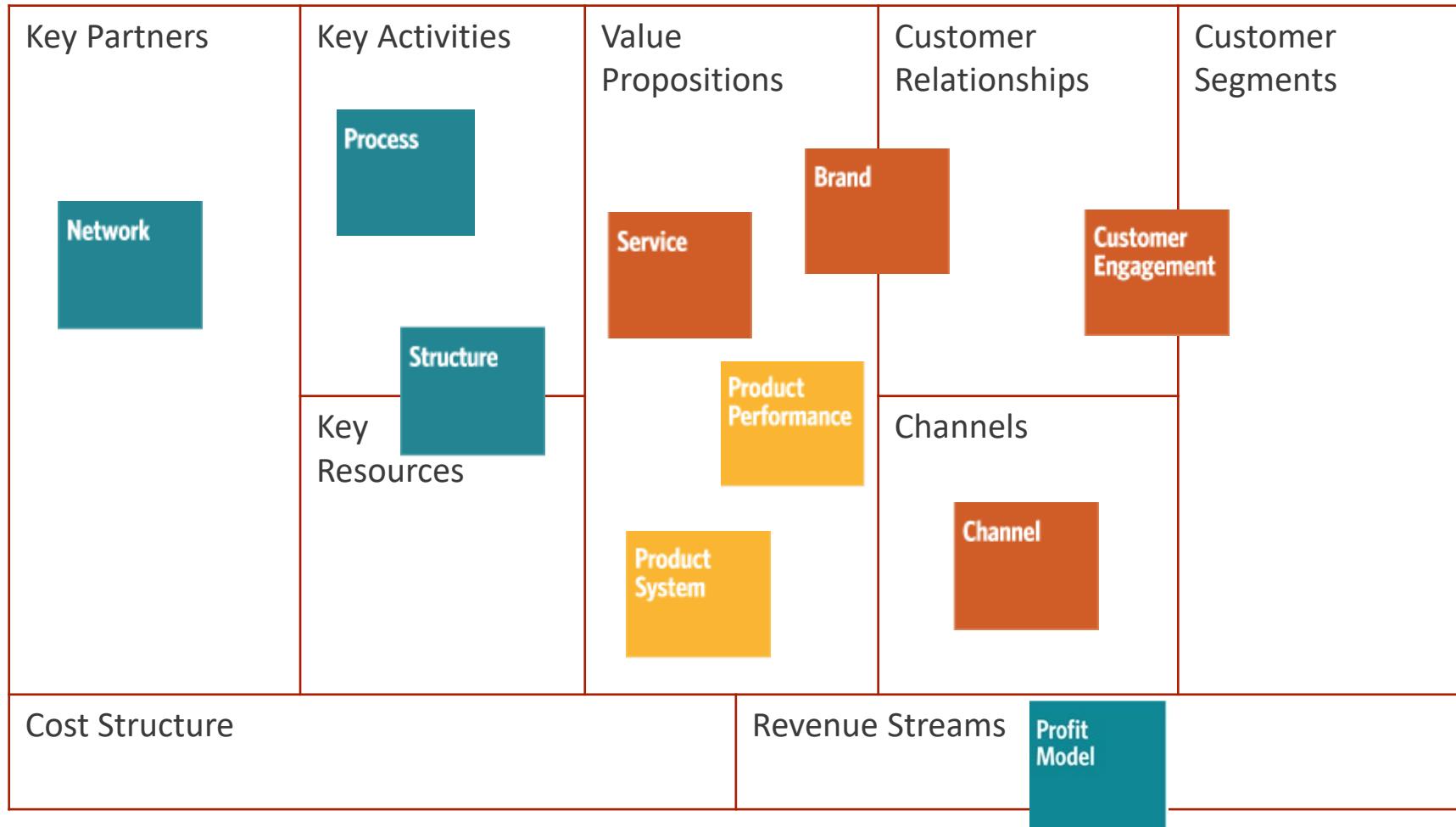


Premium	Cost Leadership	Scaled Transactions	Micro-transactions	Forced Scarity	Subscription	Membership
Establish a higher price than competitors because of your superior offer (better features, experience, service, brand, design, etc.). 	Keep variable costs low and compensate through high-volume sales. 	Achieve high volume and large scale sales to maximize margins, when unit costs are relatively fixed. 	Sell items for one dollar or cents in order to provoke impulse purchases at high volume. 	Offer a limited quantity or establish a limited time to access an offer, in order to increase demand and/or prices. 	Predict cash flows by receiving customers' one-time or recurring fee in advance in order to have access to your offer during certain time. 	Charge a payment to provide different benefits that non-members do not have. 
Installed Base	Switchboard	Auction	User-defined	Freemium	Flexible Pricing	Float
Develop a "core" offer for small margins, or even loosing money, in order to create demand and loyalty; then make profit on additional products and services. 	Connect buyers and sellers; the more actors on each side, the more valuable the switchboard. 	Enable the potential buyers to set the price of a good or service. 	Ask customers to establish the price they want to pay. 	Provide free basic services and at the same time offer premium services (advanced or special features) with a cost. 	Vary the price for a good or service according to its demand.	Receive up-front payment for an offer that is not build yet; earn interest on that money before delivering the good/service. 
Financing	Ad-Supported	Licensing	Metered Use	Bundled Pricing	Disaggregated Pricing	Risk Sharing
Collect revenue not directly from the sale of a good, but from structured payment plans and after-sale interest. 	Offer a service or information for free to a crowd and at the same time selling this crowd as potential customers to others. 	Permit the use of your offering in a specific way for a certain amount of money. 	Customers pay only for what they use. 	Sell in one transaction two or more items that could be sold alone. 	Give customers the opportunity to buy just and only what they want, no more. 	Do not claim standard fees/costs if certain measures/goals are not reached; yet gain huge profit when they are accomplished.

Source: based on Keeley, L. 2012.



Business Model Innovations



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