

# Welcome

Using Business Models in Strategy

ASM3300 Strategic Problem Solving

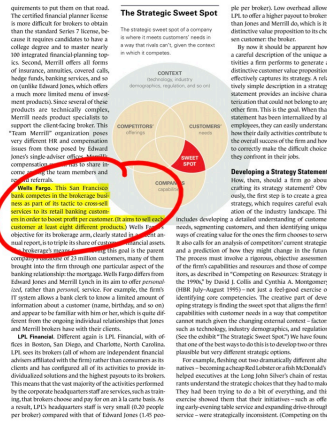
October 3, 2019

## From Collis and Rukstad...

It is a dirty little secret that most executives don't actually know what all the elements of a strategy statement are, which makes it impossible for them to develop one. With a clear definition, though, two things happen: First, formulation becomes infinitely easier because executives know what they are trying to create. Second, implementation becomes much simpler because the strategy's essence can be readily communicated and easily internalized by everyone in the organization.

## Some Strategies can lead You Astray...

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## Some Strategies can lead You Astray...

issues from those posed by Edward Jones's single-adviser offices. Merrill's compensation system has to share income among the team members and reward referrals.

**Wells Fargo.** This San Francisco bank competes in the brokerage business as part of its tactic to cross-sell services to its retail banking customers in order to boost profit per customer. (It aims to sell each customer at least eight different products.) Wells Fargo's objective for its brokerage arm, clearly stated in a recent annual report, is to triple its share of customer financial assets. The brokerage's means for achieving this goal is the parent company's database of 23 million customers, many of them brought into the firm through one particular aspect of the

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## From External Analysis to Business Models

### Analysis: "Where" and "What"

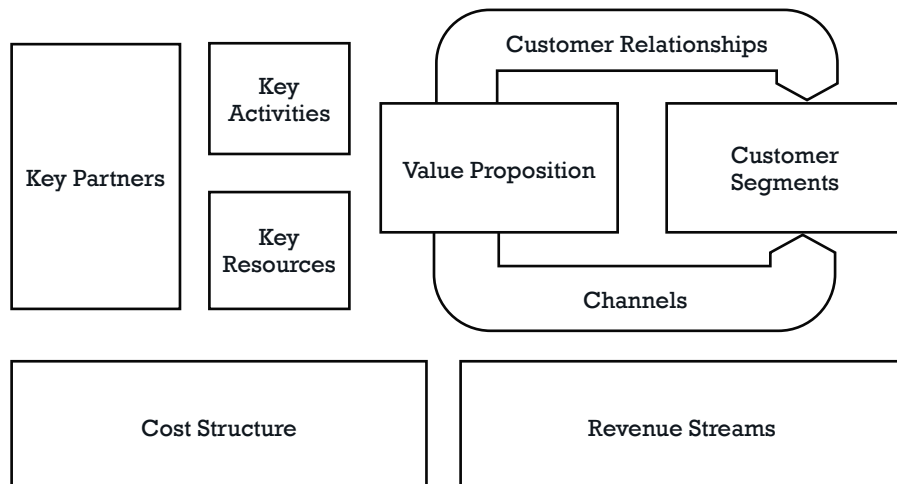
- External Positioning
  - Where do we position ourselves in our industry?
  - How do we win the ecosystem?
  - What macro-environmental factors will affect us, and why?
- Tools:
  - Porter's Five Forces
  - Complements and Ecosystem Analysis

### Business Model: "How"

- **How** do we **create unique value** for **specific** customers?
- Qualitative view of what becomes the income statement.
- Useful in considering and evaluating new markets, ideas, approaches.
- Allows one to identify specific factors of success and risk.

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## The Business Model Canvas



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## What are the challenges in higher education?

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## Business Models in Higher Education



Traditional

coursera

Online



Hybrid

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## Business Models in Higher Education



coursera

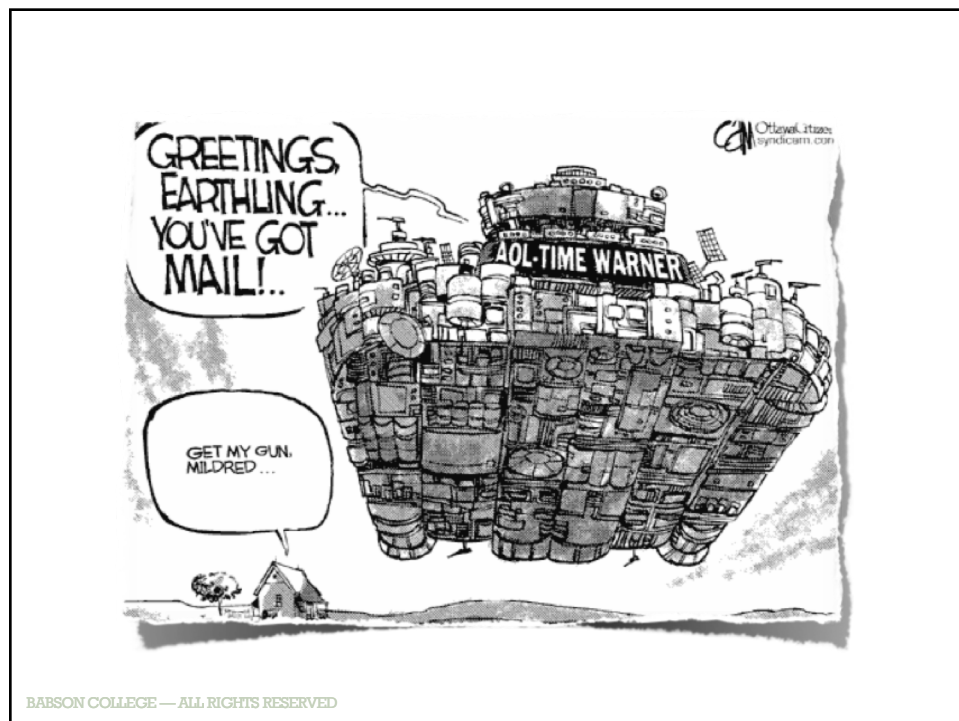
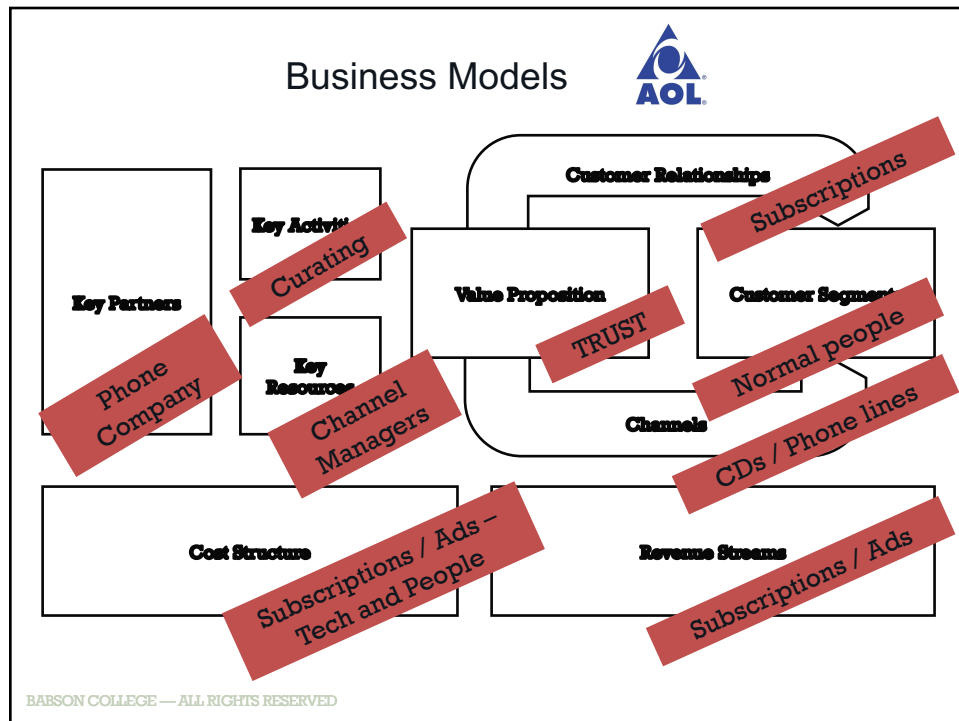


	Traditional	Online	Hybrid
Customer Segments	Students who can pay.	Those who can't access or afford traditional model	Students who can pay.
Value Propositions			
Channels	Campus (some online classes)	Online only	Traveling temporary campus
Customer Relationships			
Revenue Streams	Tuition / Endowment / Grants / Government	"Completion certificates," Amazon, \$50 track.	
Key Resources			
Key Activities			
Key Partnerships		Excellent Teachers	Prominent Politicians
Cost Structure			

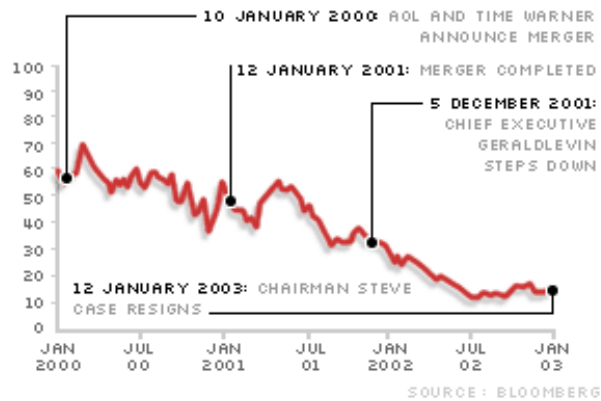
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Business Model Canvas for...

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## The 9 Business Model Building Blocks

1. Customer Segments: Who are we serving? What are their needs/wants?
2. Value Propositions: What bundle of products creates value for our customer segment?
3. Channels: How do we reach our customers?
4. Customer Relationships: How do we acquire, maintain and upsell our customers?
5. Revenue Streams: How do we generate revenue from each customer segment?
6. Key Resources: What assets are required to make the model work?
7. Key Activities: What are the most important things we must do to make the model work?
8. Key Partnerships: What suppliers and partners (outside our company) do we need to make the model work?
9. Cost Structure: What are the most important costs incurred to operate this business model?

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## The Business Model Canvas

