

# SESSION 6

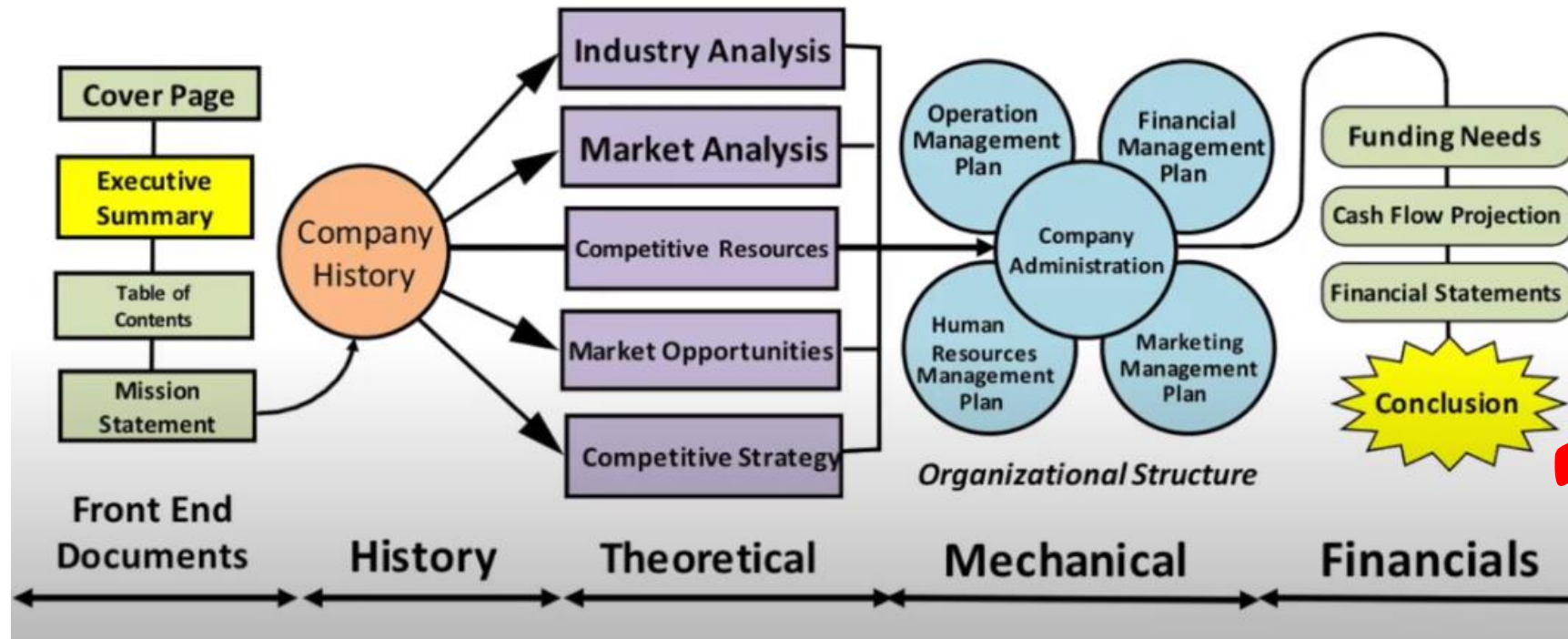
## PART 2 - Business Model Canvas

1. Business Plan
2. Business Model Canvas vs Business Plan
3. 9 Building Blocks
4. BM validation

# Question: What is a business Plan ?

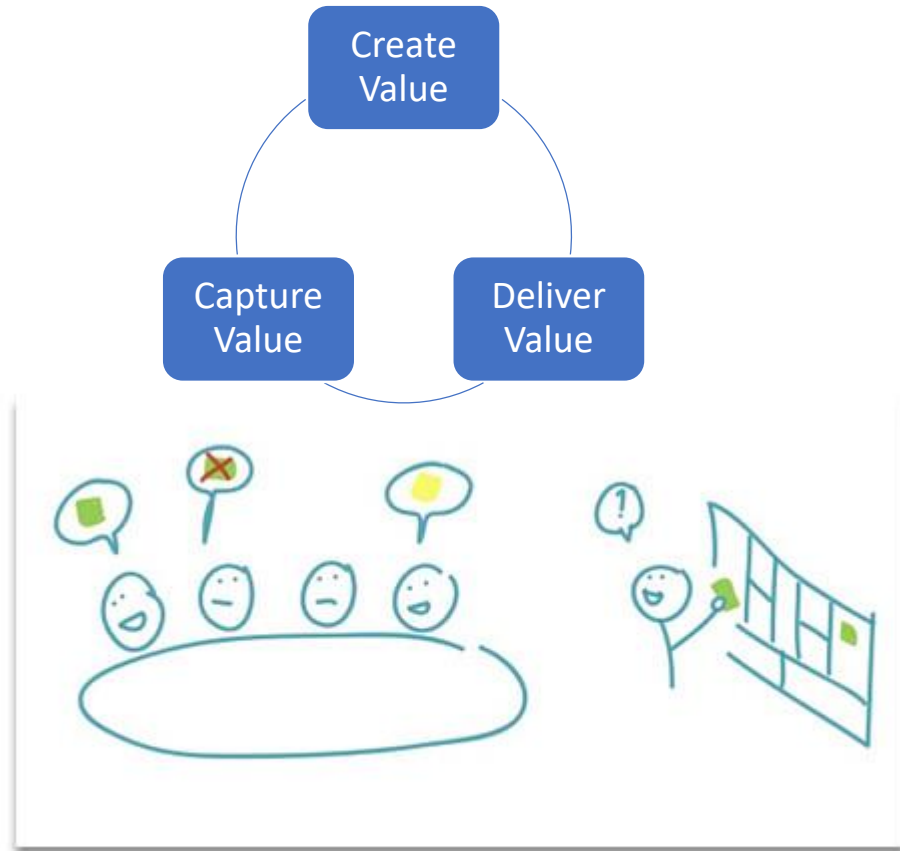
How do you do it ?

## Business Plan Structure, Format, & Strategy

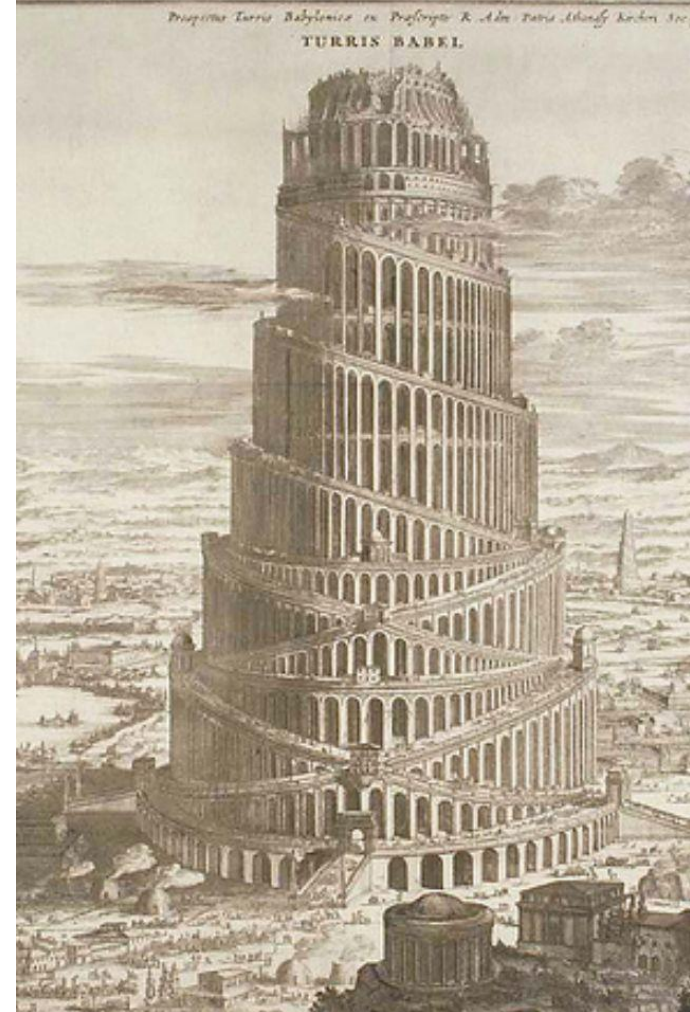


# Business Model Canvas

Introduced by Alexander Osterwalder 2005



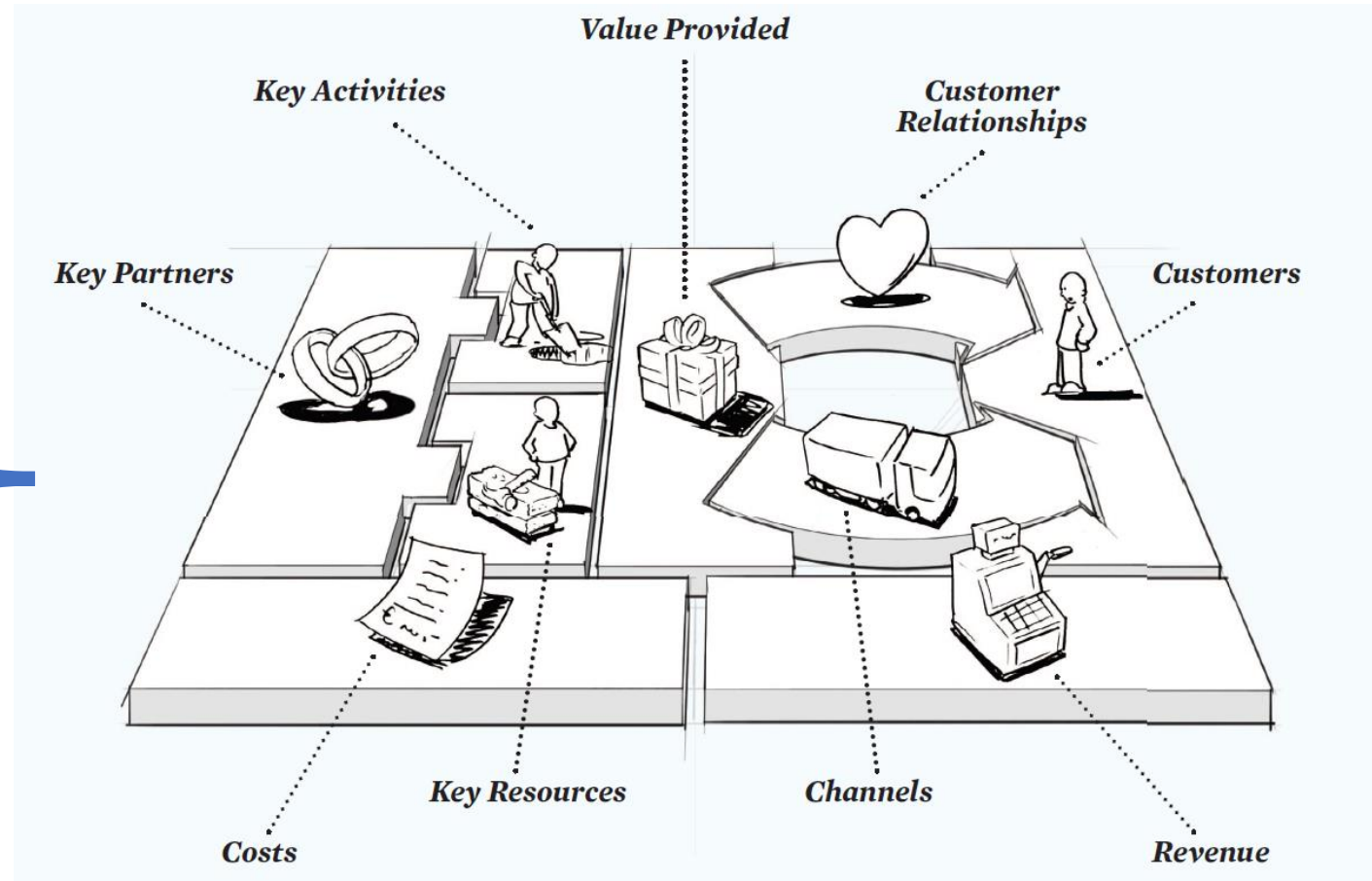
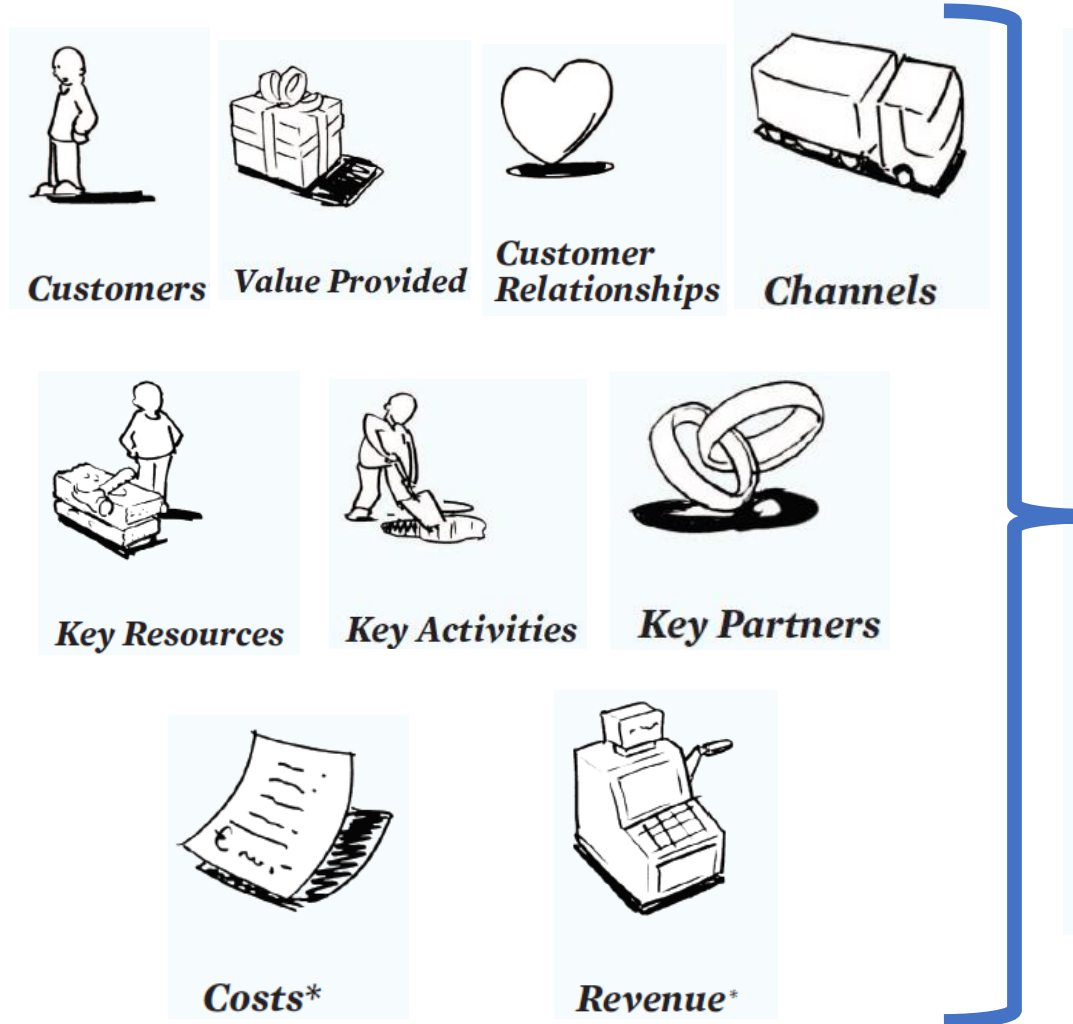
*The blah blah blah meeting*



*The tower of Babel (myth from the Book of Genesis)*

# BIZ MODEL CANVAS – 9 BUILDING BLOCKS

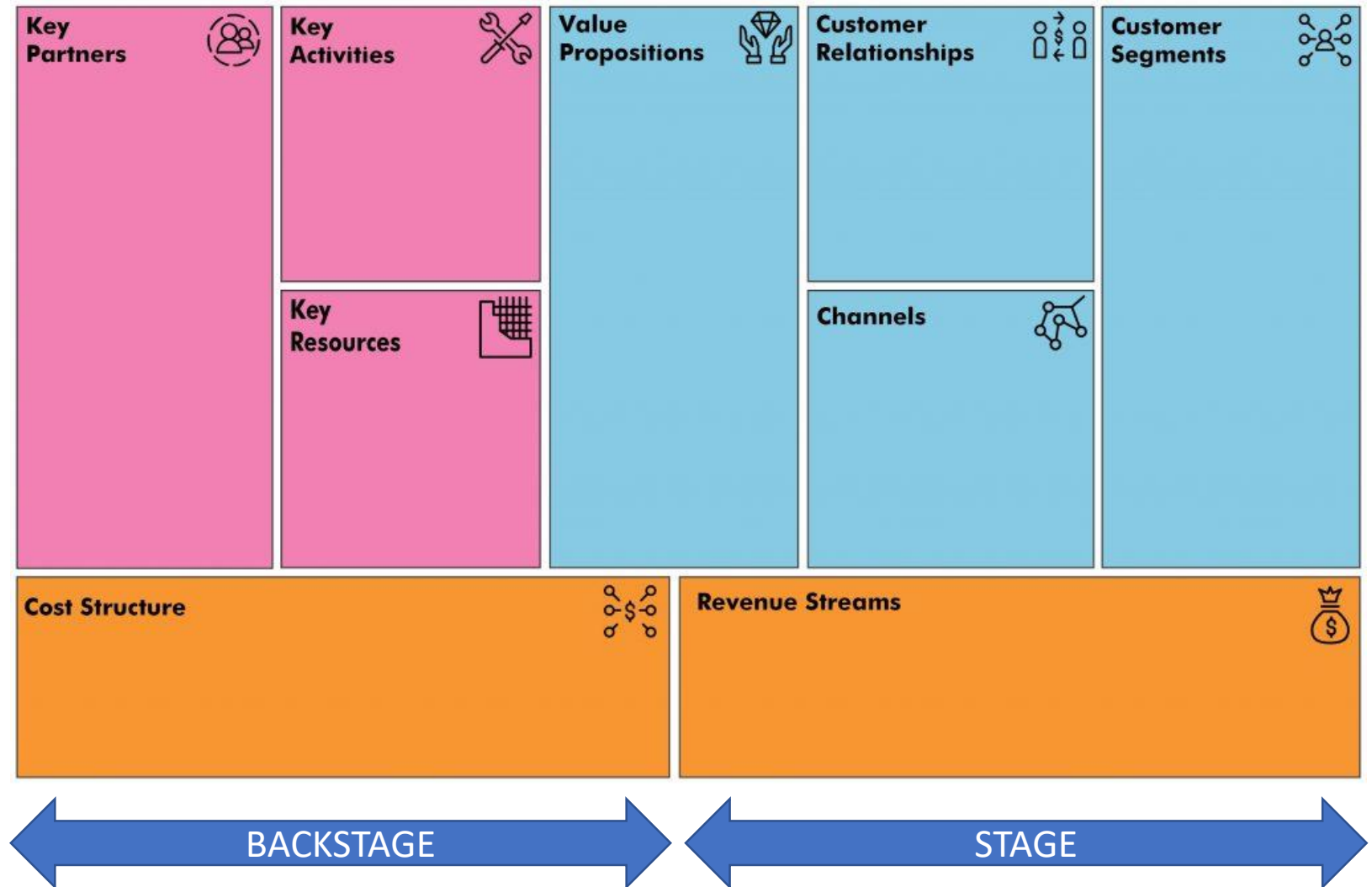
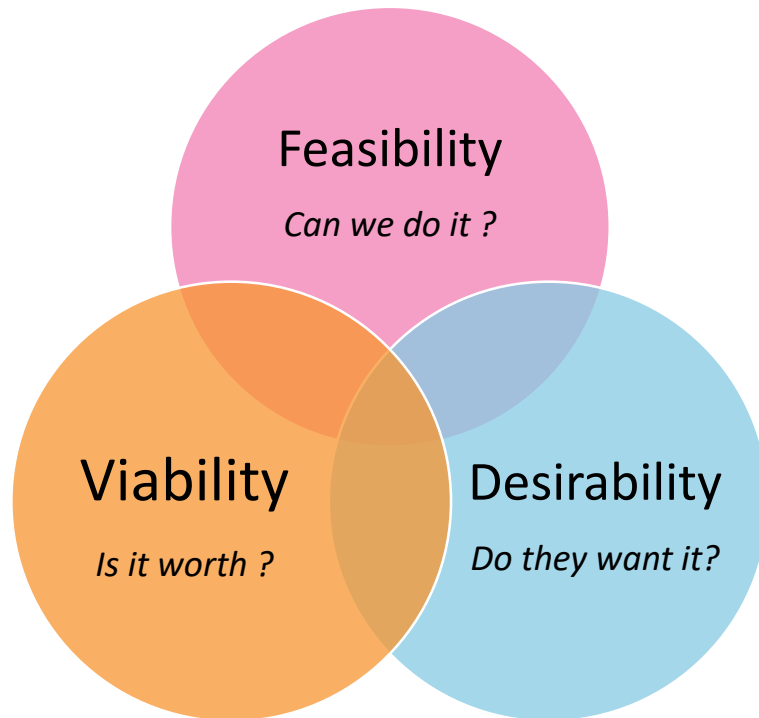
How do you create, deliver and capture value



# BIZ MODEL CANVAS – 9 BUILDING BLOCKS

How do you create, deliver and capture value

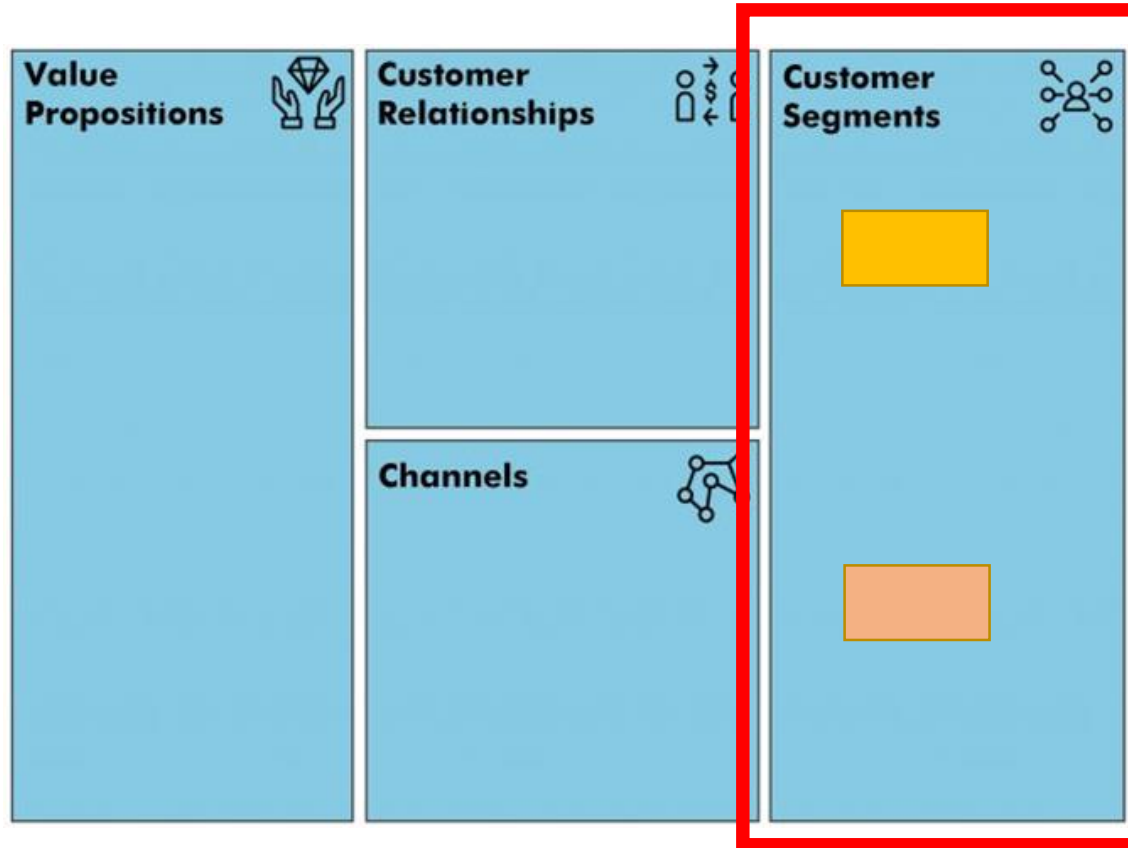
- Create business model
- Describe business model
- Communicate business model





# CUSTOMER SEGMENTS

Customers do not exist to BUY from you, you exist for them



CS

- For whom are we creating value?
- Who are our most important customers?

Mass Market  
Niche Market  
Segmented  
Diversified  
Multi-sided Platform

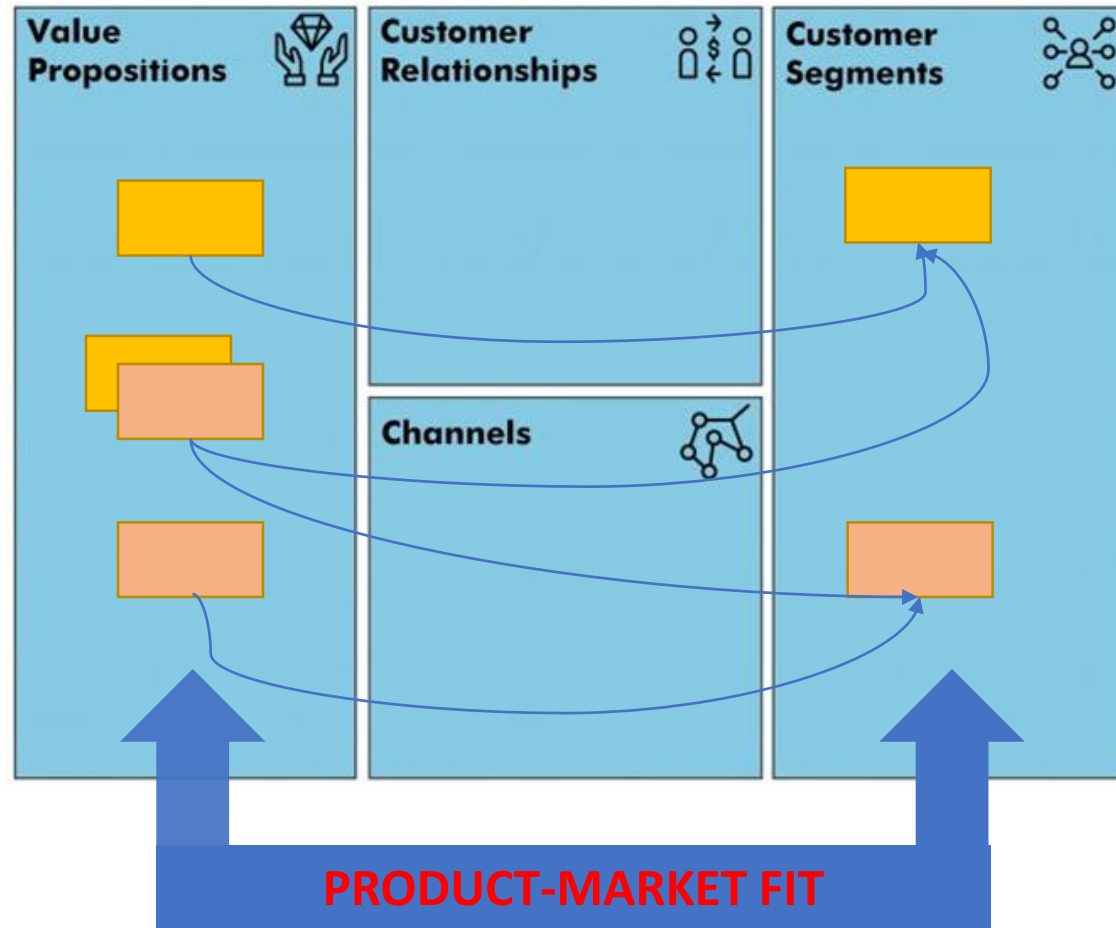
*Hypothesis*  
**CUSTOMER  
PERSONA**

# VALUE PROPOSITION



VP

- What value do we deliver to the customer?
- Which one of our customer's problems are we helping to solve?
- What bundles of products and services are we offering to each Customer Segment?
- Which customer needs are we satisfying?



## CHARACTERISTICS

Newness

Performance

Customization

“Getting the Job Done”

Design

Brand/Status

Price

Cost Reduction

Risk Reduction

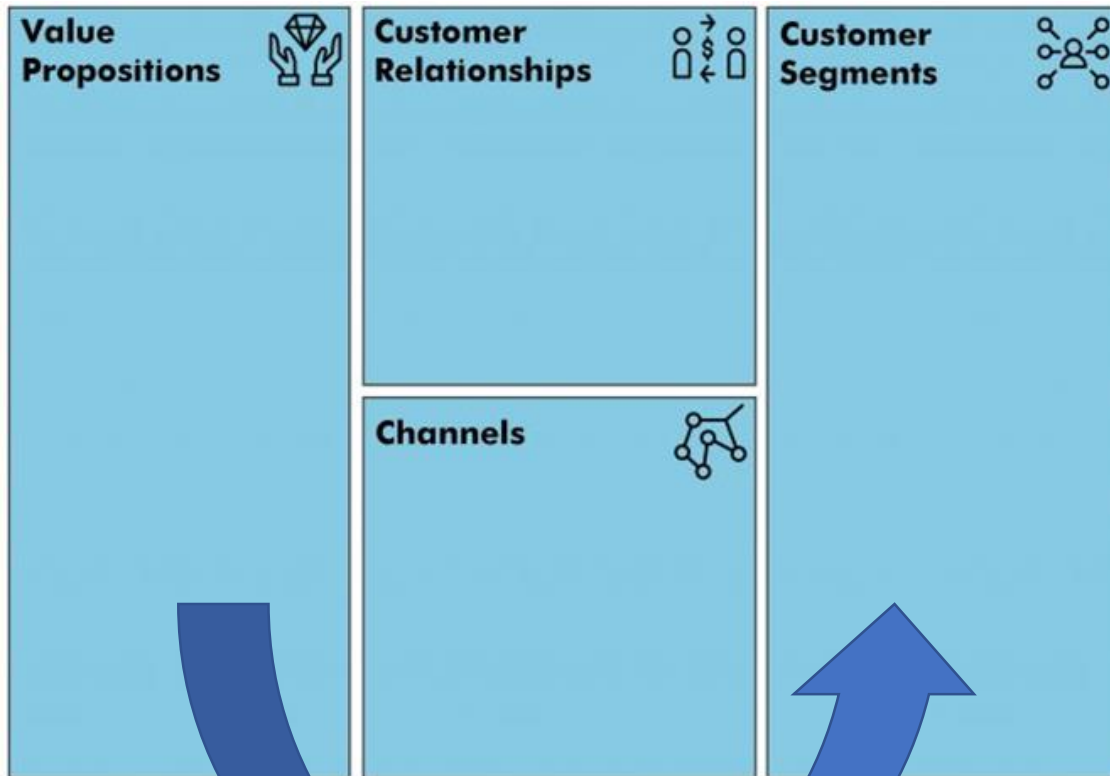
Accessibility

Convenience/Usability

# CUSTOMER CHANNELS

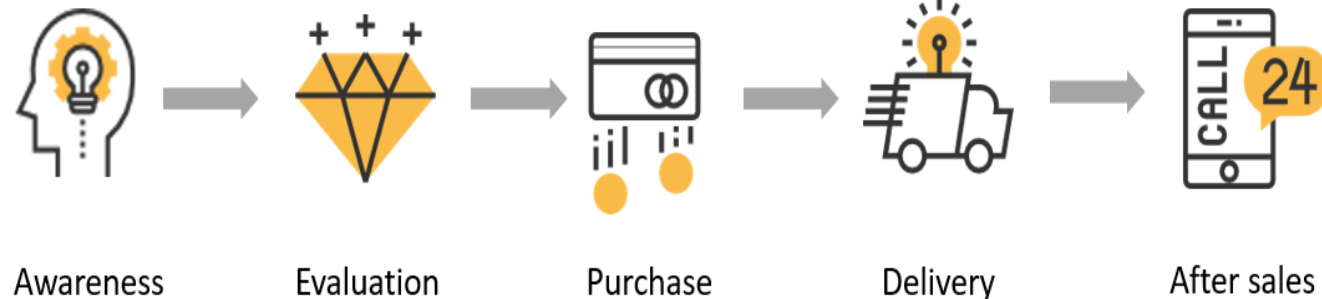


## CH



- Through which Channels do our Customer Segments want to be reached?
- How are we reaching them now?
- How are our Channels integrated?
- Which ones work best?
- Which ones are most cost-efficient?
- How are we integrating them with customer routines?

## Five Channel Phases



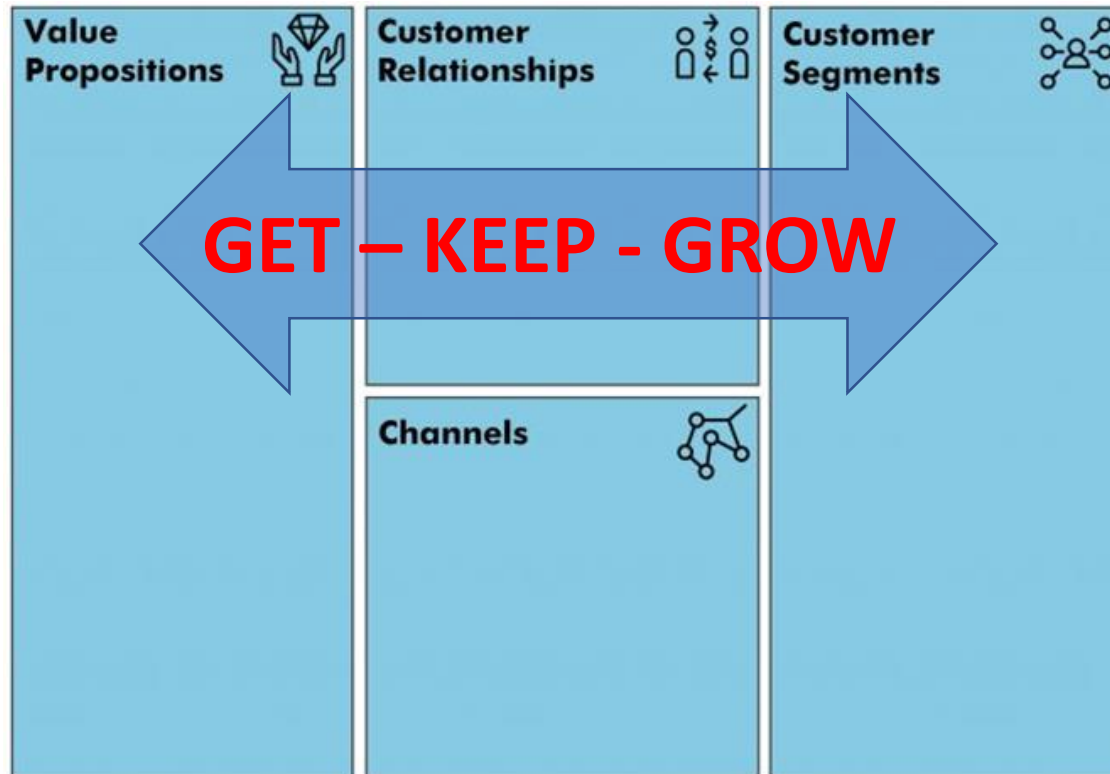


# CUSTOMER RELATIONSHIPS



How do you Get, Keep and Grow customers

CR



- What type of relationship does each of our Customer Segments expect us to establish and maintain with them?
- Which ones have we established?
- How are they integrated with the rest of our business model?
- How costly are they?

## EXAMPLES

Personal assistance  
Dedicated Personal Assistance  
Self-Service  
Automated Services  
Communities  
Co-creation

# REVENUE STREAMS



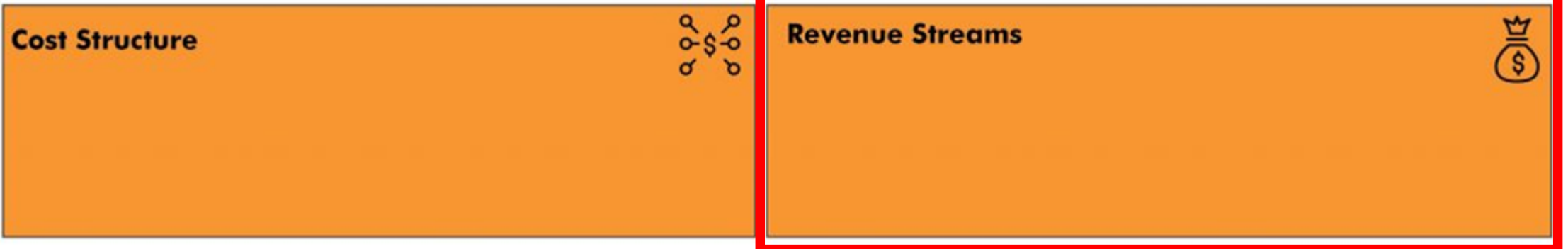
R\$

- For what value are our customers really willing to pay?
- For what do they currently pay?
- How are they currently paying?
- How would they prefer to pay?
- How much does each Revenue Stream contribute to overall revenues?

TYPES: Asset sale, Usage fee, Subscription Fees, Lending/Renting/Leasing, Licensing, Brokerage fees, Advertising

FIXED PRICING: List Price, Product feature dependent, Customer segment dependent, Volume dependent

DYNAMIC PRICING: Negotiation (bargaining), Yield Management, Real-time-Market



# KEY RESOURCES



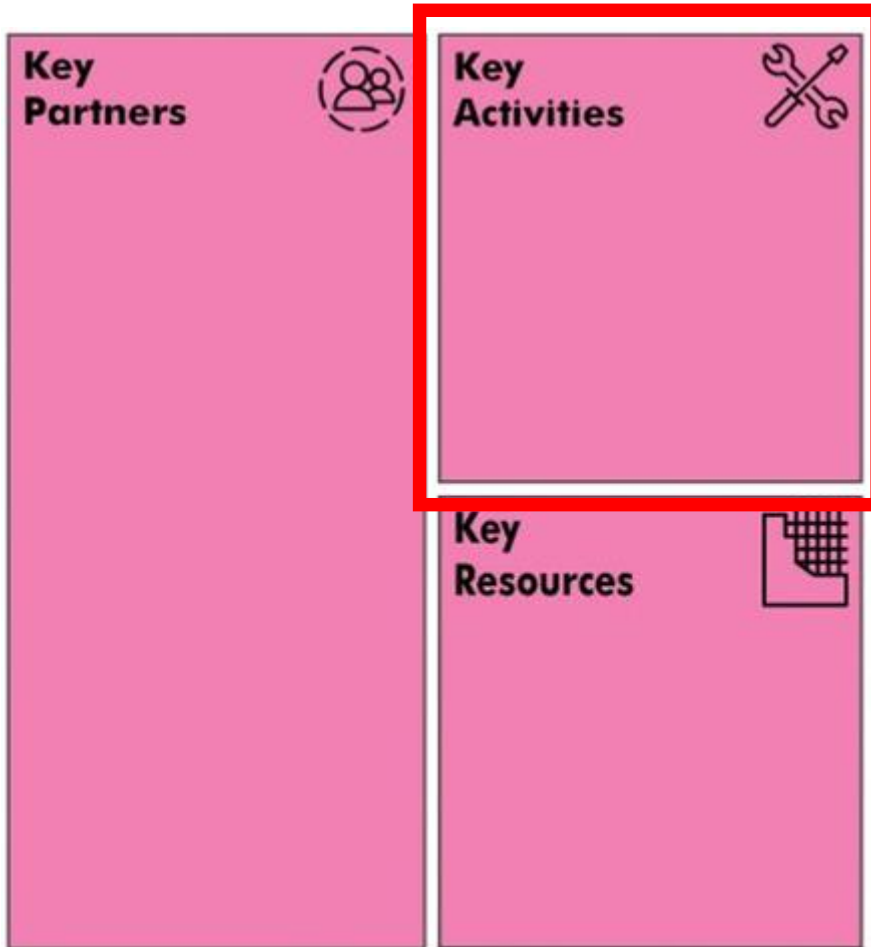
## KR

- What Key Resources do our Value Propositions require?
- Our Distribution Channels? Customer Relationships?
- Revenue Streams?

### TYPES OF RESOURCES

- Physical
- Intellectual (brand patents, copyrights, data)
- Human
- Financial

# KEY ACTIVITIES



## KA

- What Key Activities do our Value Propositions require?
- Our Distribution Channels?
- Customer Relationships?
- Revenue streams?

### CATEGORIES

- Production
- Problem Solving
- Platform/Network

# KEY PARTNERSHIPS



## KP

- Who are our Key Partners?
- Who are our key suppliers?
- Which Key Resources are we acquiring from partners?
- Which Key Activities do partners perform?

### MOTIVATIONS FOR PARTNERSHIPS

- Optimization and economy of scale
- Reduction of risk and uncertainty
- Acquisition of particular resources and activities

# COST STRUCTURE



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

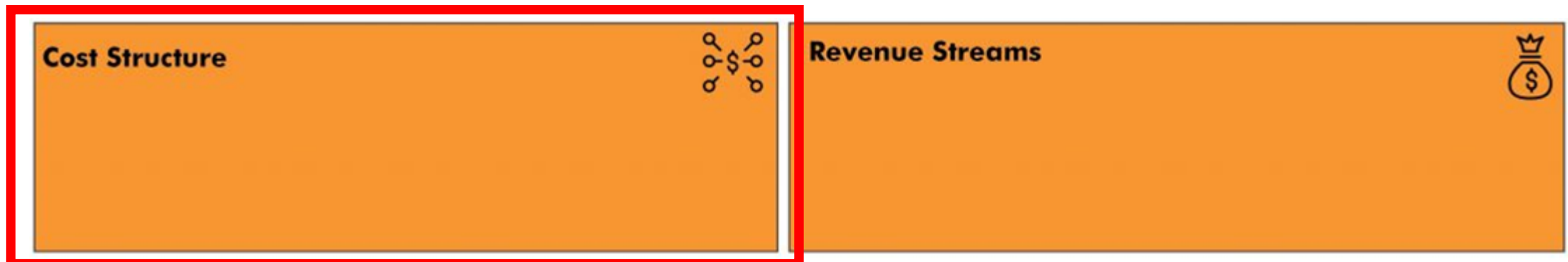


## IS YOUR BUSINESS MORE

- Cost Driven (leanest cost structure, low price value proposition, maximum automation, extensive outsourcing)
- Value Driven (focused on value creation, premium value proposition)

## SAMPLE CHARACTERISTICS

- Fixed Costs (salaries, rents, utilities), Variable costs, Economies of scale, Economies of scope





# VALUE PROPOSITION CANVAS

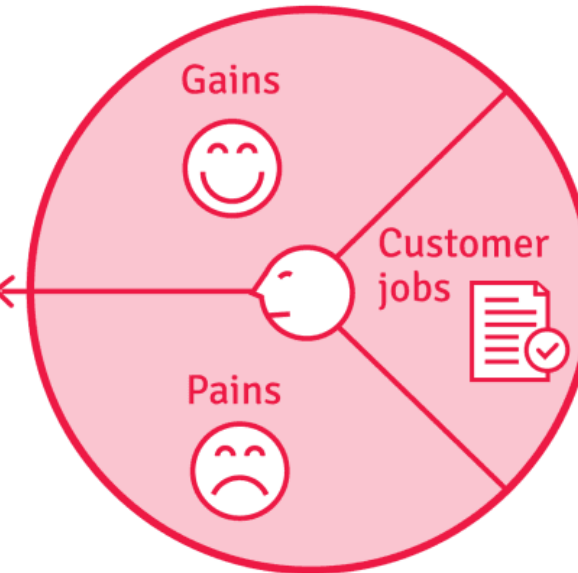
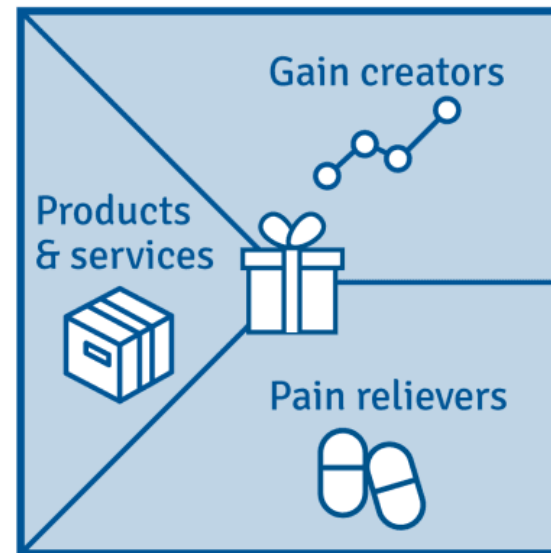
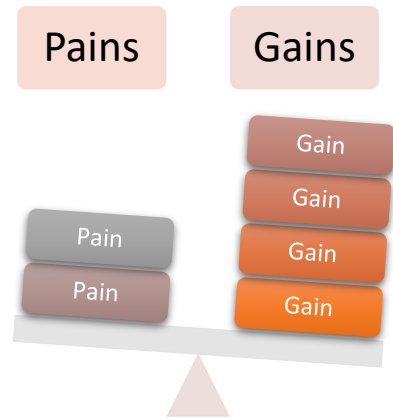
Alleviate Pains, Create Gains !

Questions ?

- What Value do I deliver ?
- Who are my customers ?

## Value Proposition

## Customer Profile



Questions ?

- What do we offer to the customer ?
- Are those products/services pain reliever ?
- What ?

**PRODUCT-MARKET FIT**

Questions ?

- What the customer do, what problems they have ?
- What pains are they experiencing ?
- What are they looking for and receiving?

# VP CANVAS – Best Practice

Alleviate Pains, Create Gains !

1. Look at the VPC as 2 separate building blocks
2. Do not mix several customer segments into one canvas
3. Don't Create your Customer Profile through the lens of your value proposition
4. Do not focus only on functional jobs, there are personal, emotional jobs, social jobs
5. Do not try to address every customer pain and gain



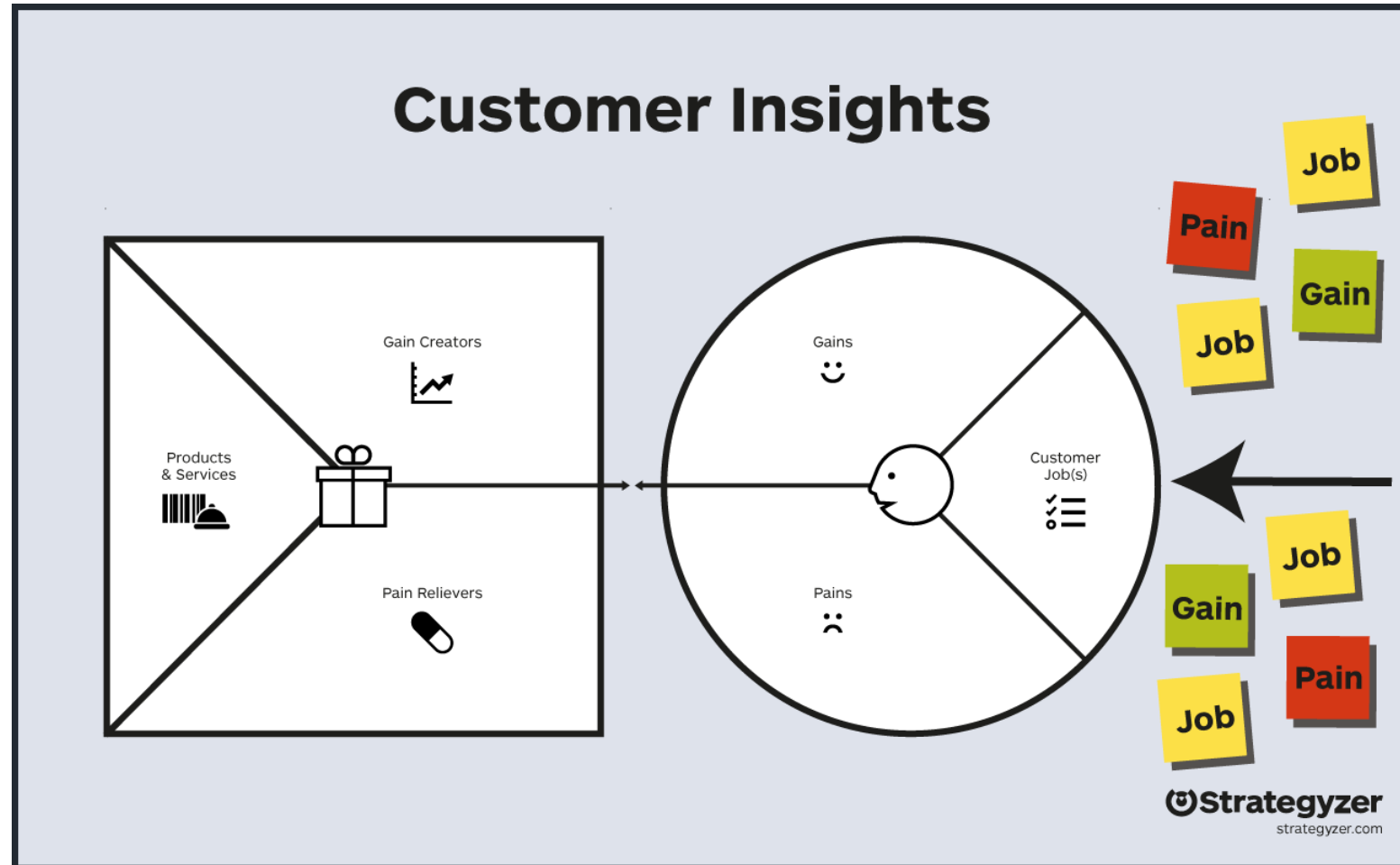
**design**



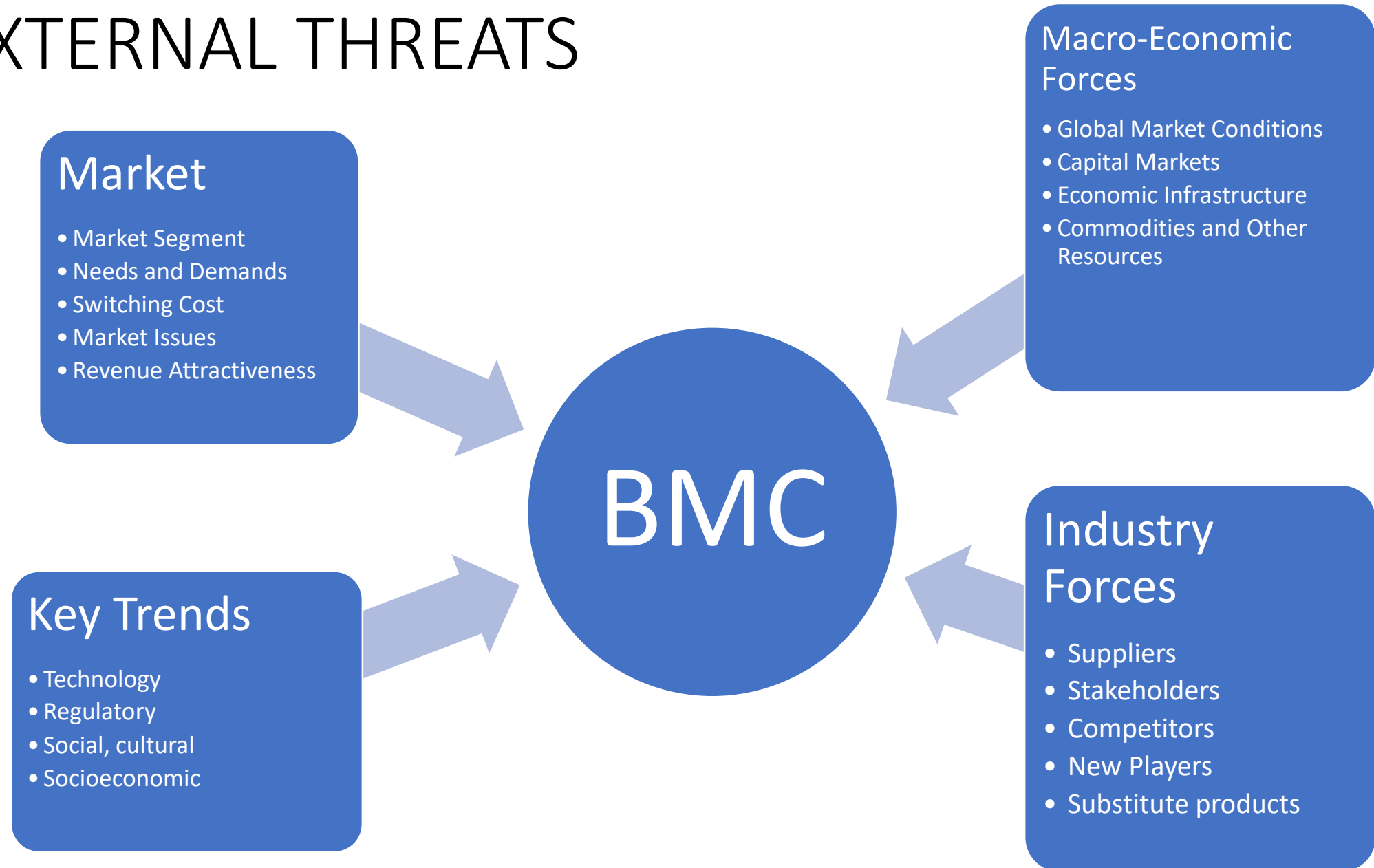
**observe**

# CUSTOMER DISCOVERY

Alleviate Pains, Create Gains !



# EXTERNAL THREATS



# TYPES OF BUSINESS MODELS and EXAMPLES

Multi-sided platform



**FREEMIUM**

**Bail and Hook**

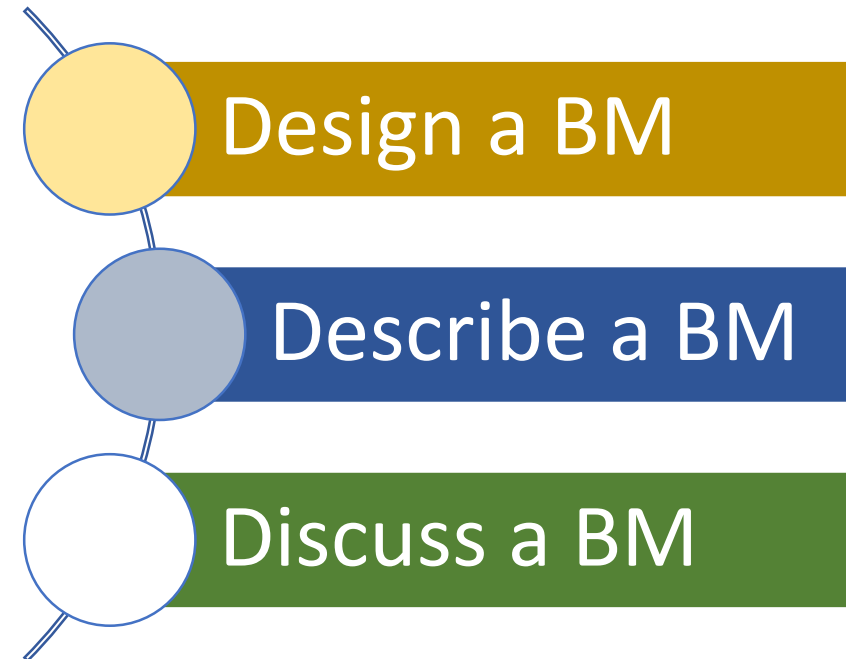


**Subscription model**



# BUSINESS MODEL CANVAS

Google - Business Model Canvas

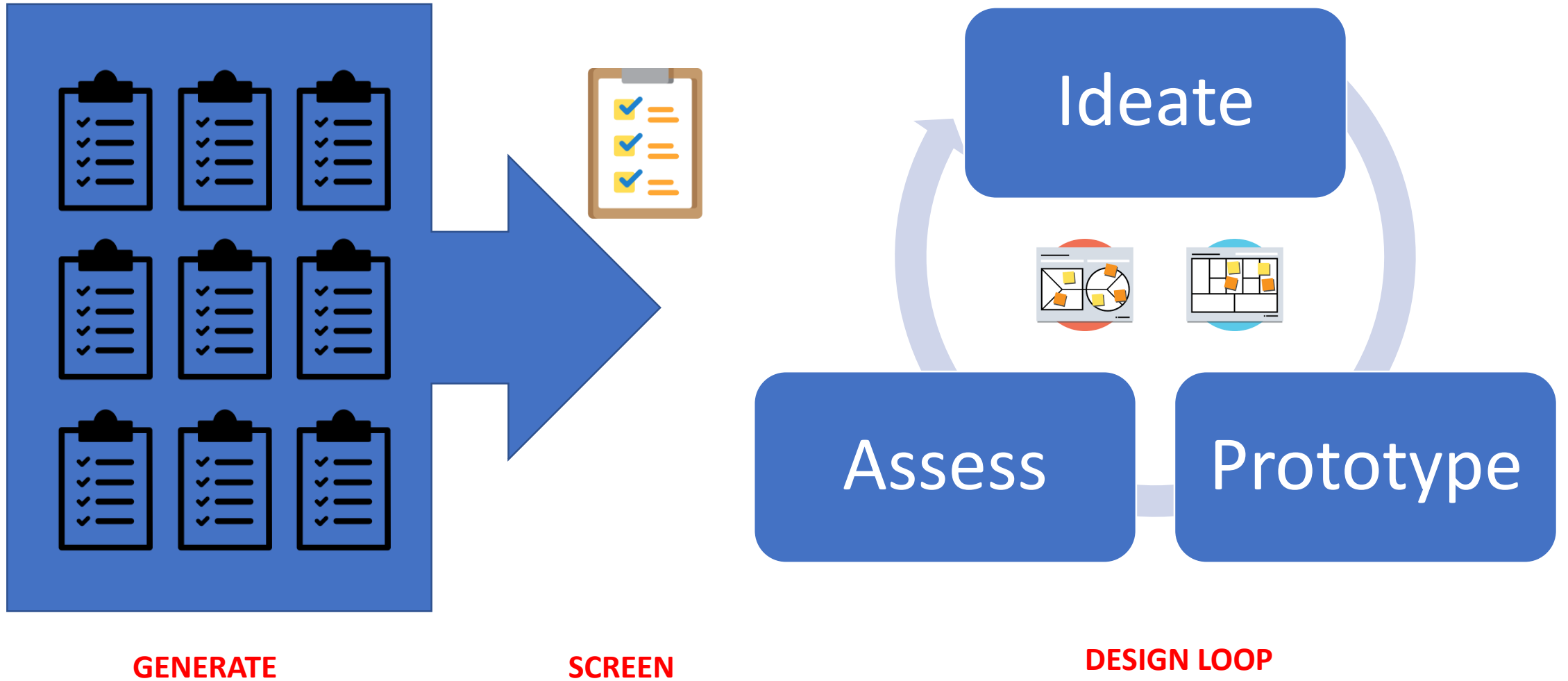


*In-Class Exercise*

**LET'S DESCRIBE COMPANY X'S  
BUSINESS MODEL USING BMC**

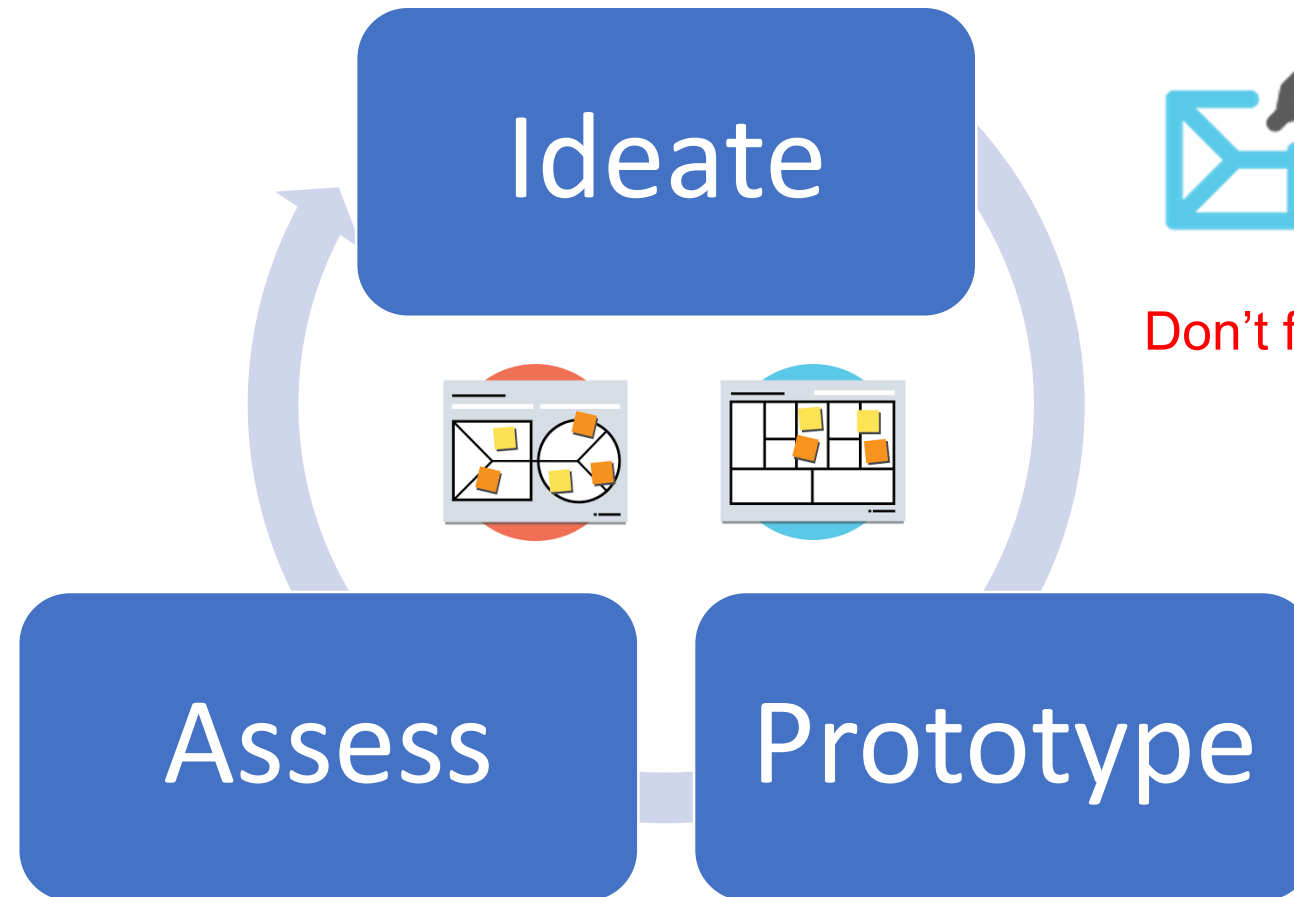


# IDEA GENERATION AND SCREENING



# DESIGN THINKING AND BUSINESS MODEL

Empathy  
Define  
Ideate  
Prototype  
Assess



Don't fall in love with your first idea

# GENERATING BUSINESS IDEA


**THE EMPATHY MAP** by XPLANE

Fishing for customer insights

**#EmpathyMap**

event name:  stakeholder:  day:  month:  year:

designed for:  designed by:  version:

pre-event  post-event


what does (s)he  
**THINK & FEEL?**  
what really counts  
major preoccupations  
worries & aspirations

what does (s)he  
**HEAR?**  
what friends say  
what boss says  
what influencers say


what does (s)he  
**SEE?**  
environment  
friends  
what the market offers

what does (s)he  
**SAY & DO?**  
attitude in public  
appearance  
behaviour towards others

**pains**  
fears  
frustrations  
obstacles



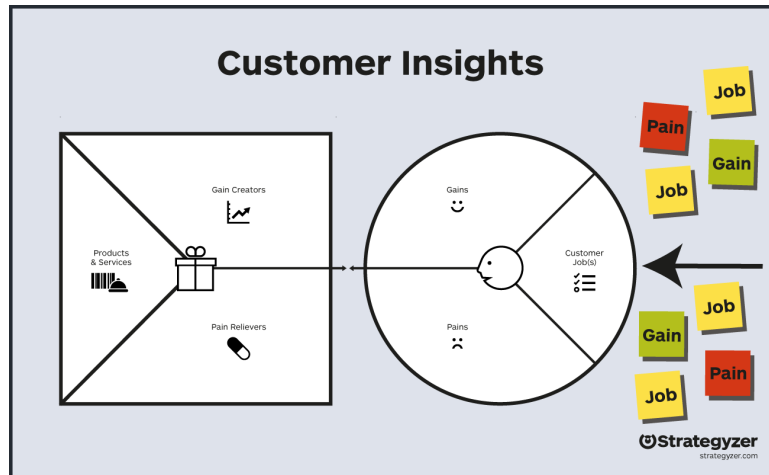
**gains**  
"wants"/needs  
measures of success  
obstacles



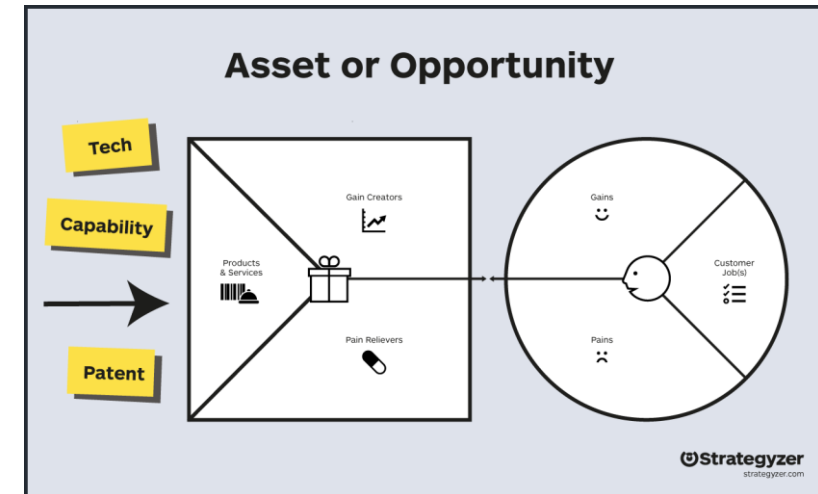
Source: adapted from XPLANE      Download the Empathy Map to assess current & desired behaviour: [www.eventcanvas.org/empathymap](http://www.eventcanvas.org/empathymap)      [eventcanvas.org](http://eventcanvas.org)

# GENERATING NEW BUSINESS IDEA

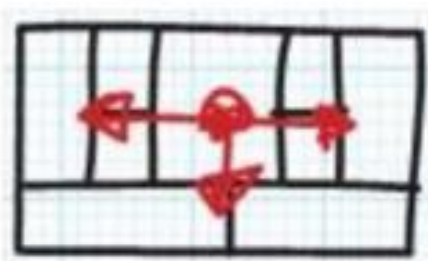
Start with your strength, but always end with the Customer



Customer-Driven (CS → Kx, C\$)



Resource-Driven (RS → CS, R\$)



Offer-Driven



Finance-Driven



Multiple Epicenter-Driven

# ASSESSING BUSINESS IDEAS

SWOT analysis for each element

## SWOT ANALYSIS



# WHY BUSINESS MODELS FAIL ?

- **Solving an irrelevant Customer Job**

*Are you helping customers do a job they care strongly about ?*

- **Flaw in Business Model**

*Do you have the right business model that is profitable and scalable ?*

- **Environmental Factors, External Threats**

*Is your business model designed to excel in that given context?*

- **Poor execution**

*Does your team have the required skills to turn the concept to reality ?*



## WHY STARTUPS FAIL



Success  
Failure



# 10 REASONS WHY STARTUPS FAIL

1. Failure to Understand your Market and Customers
2. Opening A Business in An Industry that isn't Profitable
3. Failure to Understand and Communicate What you are Selling
4. Inadequate Financing
5. Failure to Anticipate Market Reactions and/or Market Changes
6. Overdependence on a single Customer
7. No customer Strategy
8. Not knowing when to say "No"
9. Poor Management
10. No Planning

*Source: UCLA Entrepreneurship Extension course by Harry Redinger*



# RECOMMENDED READING

- Osterwalder A, Pigneur Y (2010). *Business Model Generation – A Handbook for Visionaries, Game Changers and Challengers*. John Wiley and Sons, Inc., Hoboken, New Jersey.
- Blank Steve (2013). *The four steps to Epiphany*, K&S Ranch,
- Osterwalder, Alexander, et al. *Value Proposition Design: How to Create Products and Services Customers Want*. Wiley, 2014.
- Bland, David and Osterwalder, Alexander. *Testing Business Ideas: A Field Guide for Rapid Experimentation*. Wiley, 2019.
- de Bono, Edward (1985). *Six Thinking Hats: An Essential Approach to Business Management*. Little, Brown, & Company.