

Ganpat University – Institute of Computer Technology

Course on: Entrepreneurship Development (2HS309)

Value Proposition & Business Model Canvas

{ One Page Strategy to Build Business }

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एक कदम #आत्मनिर्भर भारत की ओर...

8th - 9th September, 2021 | 8.10 to 9.50 AM



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About INNODESK

Design Thinking | Innovation | Entrepreneurship | Emerging Technologies

AatmaNirbhar Bharat, NEP 2020

Aims to nurture and enhance creativity, problem solving and innovation

various flagship programs and custom-made courses

Design Thinking, Creativity & Innovation, Entrepreneurship and Emerging Technologies

Practical, Hands-on, Experiential Learning

To empower individuals & teams of multidisciplinary for development of Mindset, Attitude & skills



'design driven' innovation strategy firm

To foster entrepreneurship, intrapreneurship and 21st Century skills

inspired by **human-centred design**

Businesses today not only focusing on functional and aesthetics aspects of products/services but on emotional, social and symbolic aspects too.

highly reputed and educated mentors

From diverse fields to scale ideas into real marketable products; hand holding by 1:1 mentoring & domain specific guidance

KARMJITSINH BIHOLA

Founder,
INNODESK
Designovation
Services,
Ahmedabad.



Engineer (BE Mechanical, 2008)

Designer (MS – Design, USA, 2011)

Entrepreneur (INNODESK, 2020)

Design Thinking Trainer, Facilitator & Practitioner

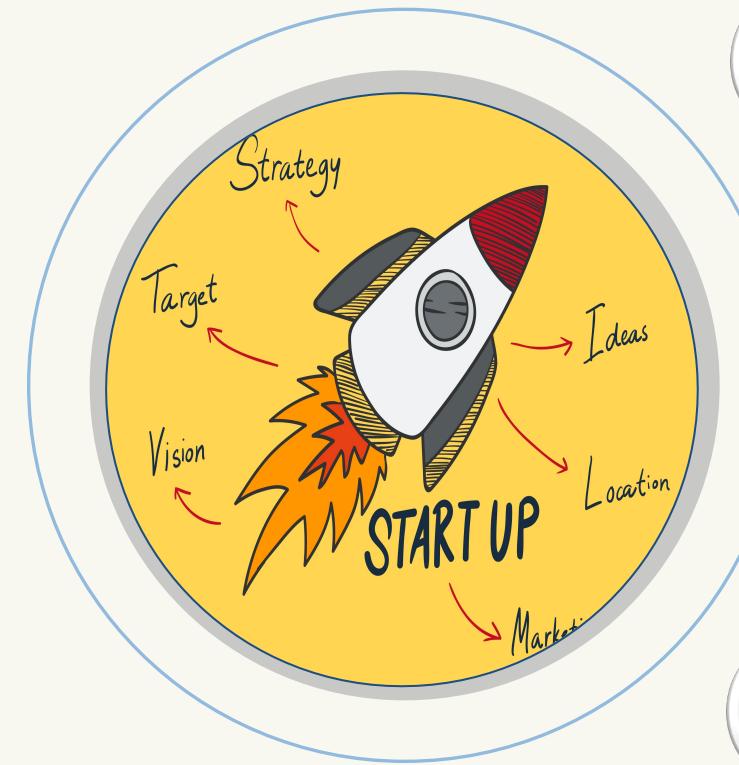
Mentor of Change (MoC) for ATL, Atal Innovation Mission, NITI Aayog, MHRD

Mentored **100+ Start-ups** & Trained more than **4500 faculty members**

Delivered **400+ workshops** and training programs



Course Learning Objectives



1 Entrepreneurship: WHY, WHAT, HOW

2 Understanding Entrepreneurial Journey

3 Idea Generation, Business Model & Process

4 Company Structures, Operations and Legal

5 Develop a Mindset, Attitude, Skills

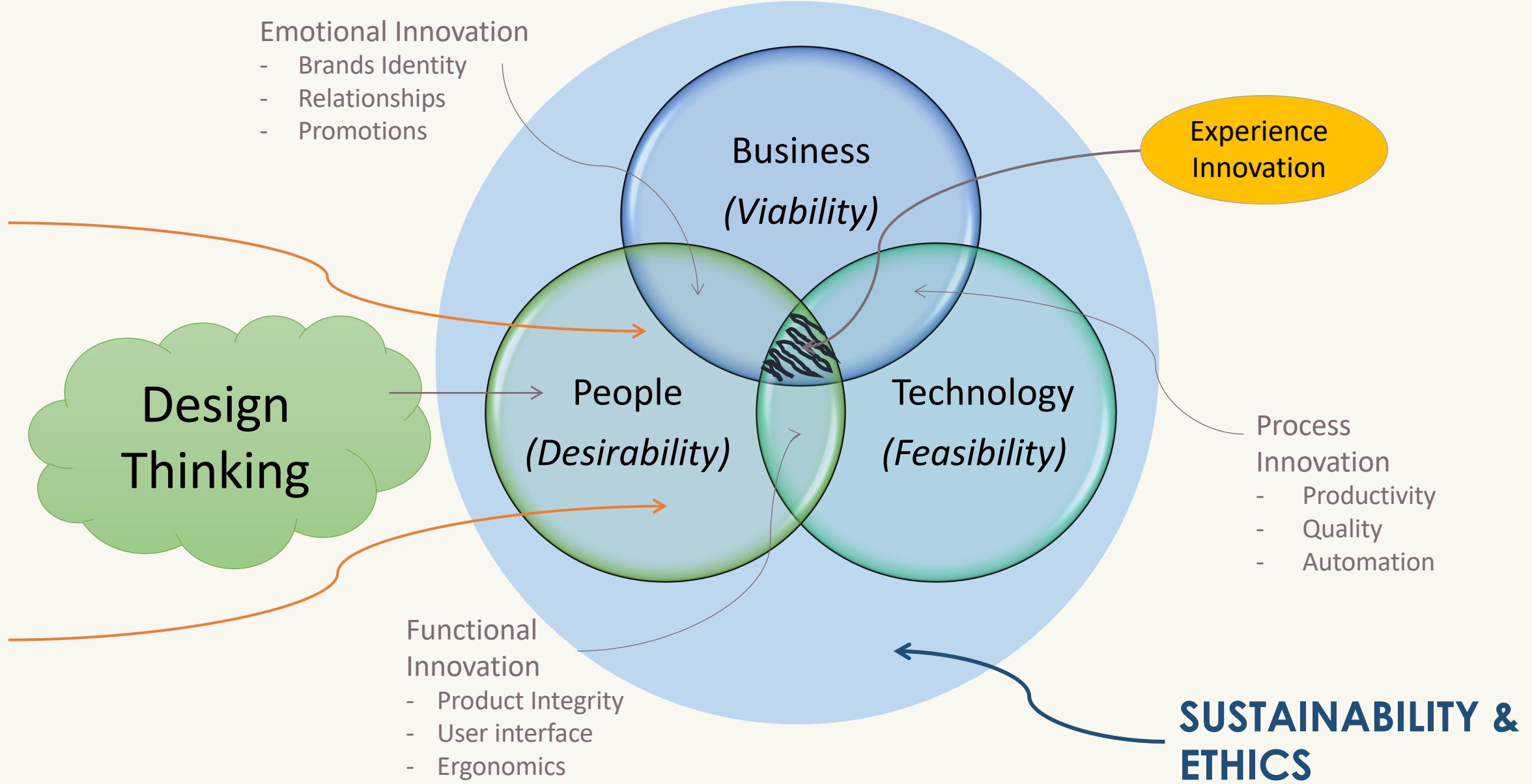
Course Modules

- Entrepreneurial Mindset, Needs of Innovation & Entrepreneurship
- Design Thinking Approach:
 - Problem Identification - Business Goals & Opportunity Discovery
 - Problem Solution: Ideation, Prototyping and Testing your Solution
- **Value Proposition & Business Model**
- Types of Funding, Investment Strategy, Government Schemes
- Introduction to Economics and Market Dynamics
- Legal Aspect: Company Structure, HR, Operational, Accounting
- Marketing & Sales Plan, Quality assurance
- Branding and Social media (Digital) marketing
- Startup Pitch

WHAT is?

Entrepreneurship is all about **CONVERTING CREATIVE IDEAS** into **INNOVATION** that solves **UNMET REAL NEEDS OF USER** through **FEASIBLE TECHNOLOGY** and **VIABLE BUSINESS MODEL.**

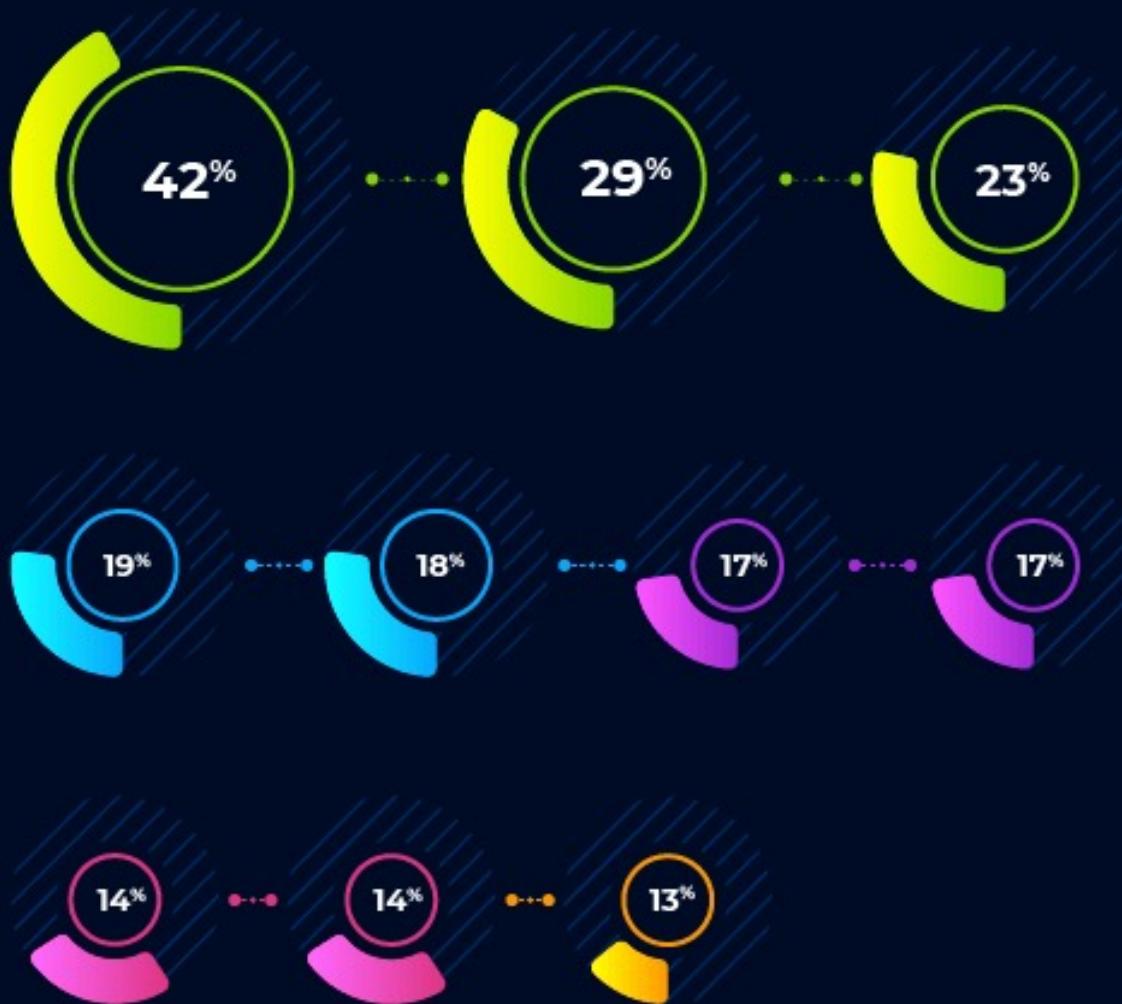
Someone who solves the problem, creates and runs a business with value addition is called an Entrepreneur



Main reasons of startup businesses failures

According to CB Insights research report.

- 1. No market need - **42 %**
- 2. Ran out of cash - **29 %**
- 3. Not the right team - **23 %**
- 4. Got outcompeted - **19 %**
- 5. Pricing/Cost issues - **18 %**
- 6. User unfriendly product - **17 %**
- 7. Product without a business model - **17 %**
- 8. Poor marketing - **14 %**
- 9. Ignore customers - **14 %**
- 10. Product mistimed - **13 %**



Stages of Entrepreneurial Process

- Hypothesis Testing/Conducting Opportunity Analysis
- **Developing & validating idea AND Creating a Value**
- Building product and customer base
- **Developing Business Plan and Creating a venture**
- Acquiring and tie-up with funding sources
- Implementing the plan
- Scaling and growing the venture

What is business model?

- An enterprise's plan to **create, operate** and **sustain a business**
- A plan for the successful operation of a business, identifying various key resources, activities, who are your customer and how do you reach them, financial and revenue model etc.

“How an enterprise **create, deliver** and **capture Value**”

Business Model



CREATE



CAPTURE



DELIVER



Types of Business Models

- **Subscription Model** - Netflix, Hulu, Amazon Prime, Disney+
- **Bundling Model** - Adobe Creative Suite, Microsoft Office, Burger King
- **Freemium Model** - Spotify, LinkedIn, Skype, MailChimp
- **Razor Blades Model** – Gillette, HP & Canon printers, Xbox
- **Product to Service Model** - Zipcar, Uber, Zomato, Lyft
- **Leasing Model** - U-Haul, Enterprise, Rent-a-Center
- **Crowdsourcing Model** - Wikipedia, YouTube, IMDB
- **One-for-One Model** – Social Entrepreneurship
 - Blake Mycoskie, the founder of TOMS, pioneered this form of social entrepreneurship.
- **Franchise Model** - Starbucks, Domino's, Subway, McDonald's

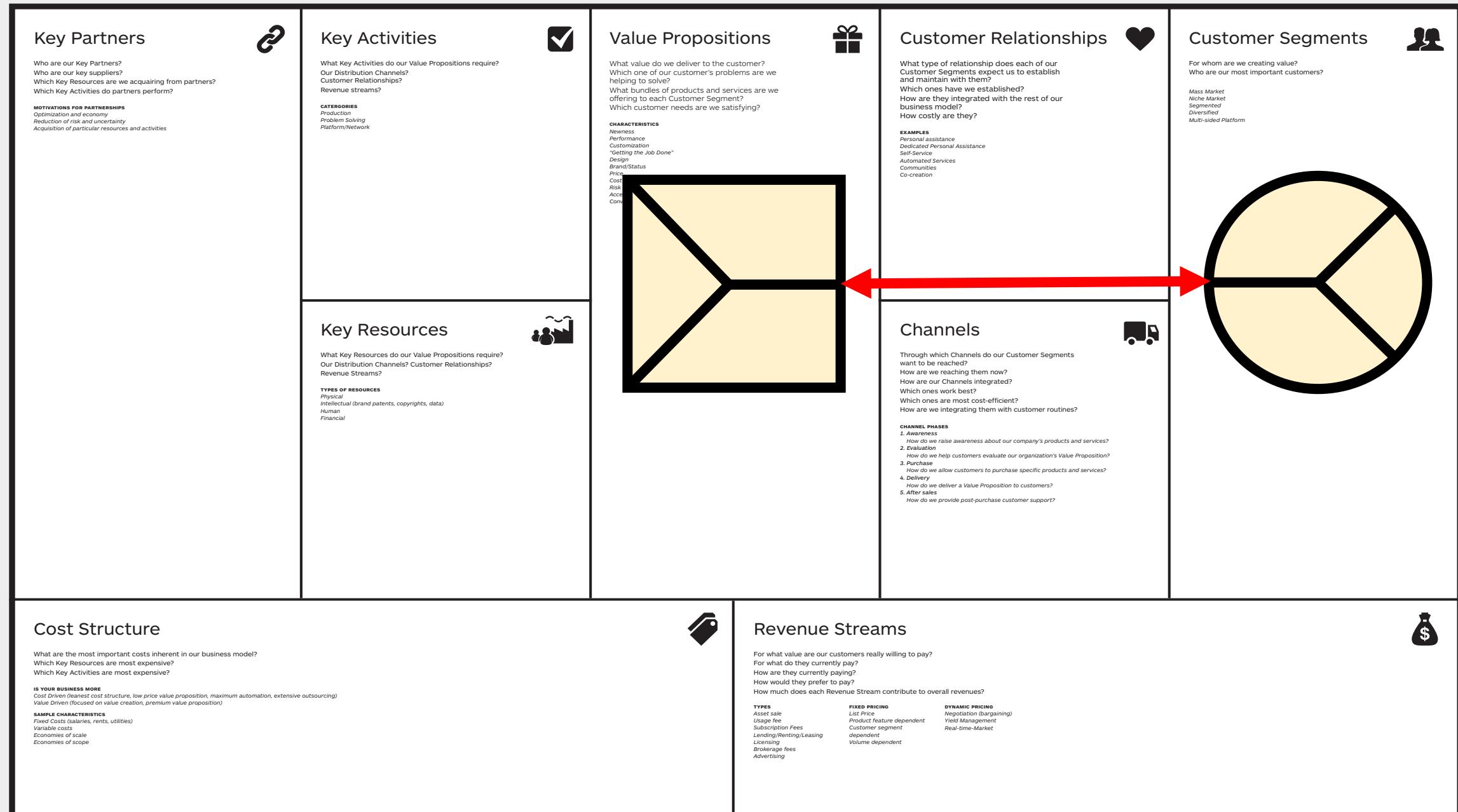
The Business Model Canvas

Designed for:

Designed by:

Date:

Version:



The Business Model Canvas

Designed for:

Designed by:

Date:

Version:

Key Partners



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
Reduction of risk and uncertainty
Acquisition of particular resources and activities

Who will help you?

Key Activities



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

CATEGORIES
Production
Problem Solving
Platform/Network

How do you do?

Key Resources



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

What do you need?

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

What will it cost?

Value Propositions



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

What do you do?

Customer Relationships



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
Delivery Personal Assistance
Self-Services
Automated Services
Communities
Co-creation

How do you grow?

Channels



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?

CHANNEL PHASES
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 afterpurchase customer support?

How do you reach them?

Customer Segments



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

Mass Market
Niche Market
Segmented
Diversified
Multi-sided Platform

Whom do you help?



Revenue Streams



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
Product feature dependent
Customer segment dependent
Volume dependent

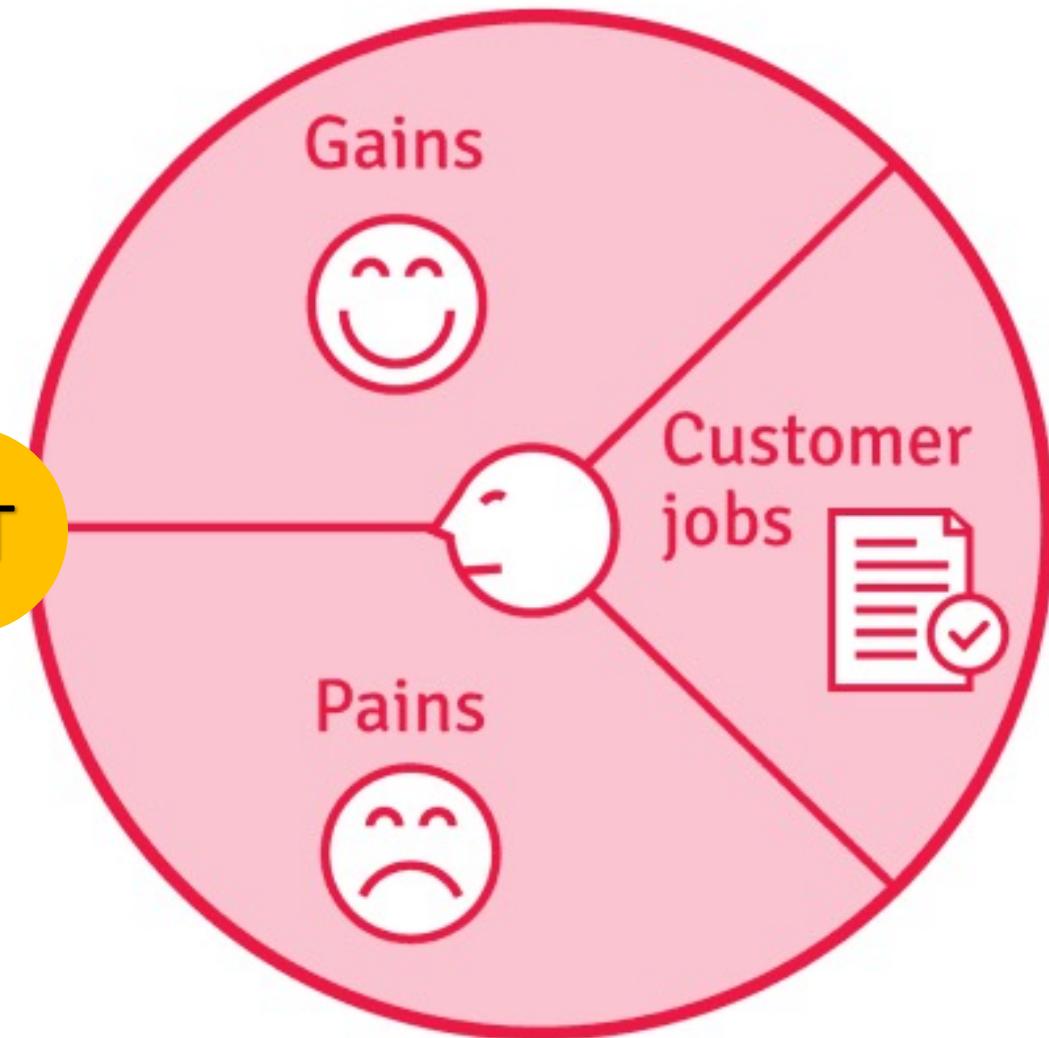
DYNAMIC PRICING
Negotiation (bargaining)
Yield Management
Real-time-Market

How much will you make?

Value Proposition



Customer Profile



“

When **Design Thinking** can run a company,
you can actually become one of the most
valuable companies in the world.

-AirBnB CEO, Brian Chesky

”

Value Proposition is **great way to attract** your Customers, Investors and Great Team.

Value proposition is **NOT** only “What we make differently than others”.

But Value is how your customers **EXPERIENCE, UTILIZE** your product in better & efficient way.

(Even if, product content, materials, process or application is same.)

Creating Customer Profile (Persona)

Step into your Customers' Shoes

Understanding their hidden needs, what matters to them, what are their aspirations towards our product or services.

1. Identify Customer Segment(s).
2. Identify Customers' jobs to be done.
3. Identify Customers' pains.
4. Identify Customers' gains.
5. Prioritize Customers' jobs, pains & gains.

Customers' Jobs:

Functional | Emotional/Personal | Social | Supporting

Depend on **specific context** in which

they are performed –

it may impose certain constraints or limitations.

Not all jobs are significant to customers.



Important



Insignificant



Customer Pains: Before, During, After

Pains describe anything that annoys, frustrate our customers.

Undesired outcome | Obstacles | Risks

Pain severity can be **extreme** or **moderate**.

Try to describe pains as concrete as possible.

Eg. “Waiting long for a subscription to start”



Extreme



Moderate



Customer Gains:

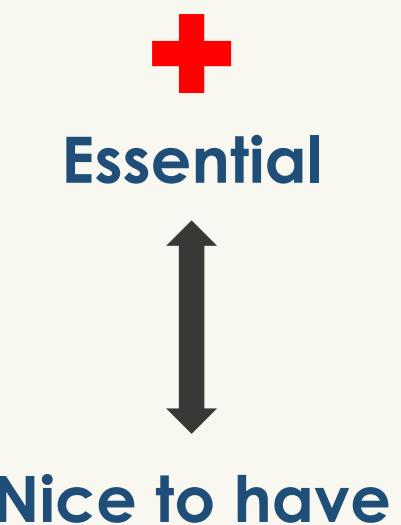
Includes functional utility, social gain, positive emotions, cost savings, benefits/offers etc.

Required | Expected | Desired | Unexpected

Customer Gains can be -
essential and **nice to have**.

Try to describe gains as concrete as possible.

Eg. “Lesser cost OR Better quality”



Mapping Jobs, Pains, Gains

Common Mistakes – Best Practices:

- Mixing several customer segment into one profile - Make a value proposition canvas for every different customer segment.
- Mixing jobs and outcome – Jobs are **tasks (to perform)** or **problems (to solve)** or **needs (to satisfy)** WHERE AS outcome are the **pains (to reduce/avoid)** or the **gains (to achieve)**.
- Focusing on Functional jobs ONLY – Sometimes social or emotional jobs are more important for our customers than merely functional jobs.
- Listing all jobs, pains and gains with your Value Proposition in Mind – Try to create Customer Profile (as identified in problem identification phase) and Value map separately and create best FIT between two.
- Being too vague/broad in describing jobs, pains, gains – Be specific and concrete as much as possible.

Listing of Product & Services

Physical/Tangible | Intangible | Digital | Financial

Product & Services can be -

essential and **nice to have**.



Essential



Nice to have



Pain Relievers:

Describes how exactly your products & services reduce/minimize the customers' pain.

Great value proposition focuses on some pains that **they reduce extremely well**.



Essential



Nice to have



Gain Creators:

Describes how exactly your products & services create gain for the customers.

Great value proposition focuses on some gains that **can make a difference**.



Essential



Nice to have

Mapping Products & Services, Pains Relievers, Gains Creators

Common Mistakes – Best Practices:

- Listing all products & services rather than just targeted specific segments – list relevant product & services that create value for specific customer segment.
- Mixing product & services AND pain relievers & gain creators – Gain creators & pain relievers are the results/characteristics of our product & services.
- Offer irrelevant pain relievers & gain creators – Product & services don't create value in absolute terms, it has relevance always with jobs, pain and gains.
- Making unrealistic attempts to address all pain and gains – Great value propositions are when we try to address specific and most important pain and gain for our customer segment.

Characteristics of Great VP

- VP are embedded in BMC.
- Focus on the unsatisfied jobs, unresolved pain and unrealized gains - that matter most to the customer segments.
- Target few jobs, pains and gains – but do it so extremely well.
- GO beyond functional jobs and tries to address emotional and social jobs too.
- Align your VP with how customer measure the success.
- Focus on jobs, pains and gains that a lot of people have OR to that some people will pay a lot of money for.
- Differentiate your value propositions from competitors – One USP.
- Create VPC and BMC that are difficult to copy.

Business Model Canvas

Key Partners



5

Who will help you?

Whose support do you need?

Who are our key suppliers?

Which Key Resources are we acquiring from partners?

Which Key Activities do partners perform?

Key Activities



6

What Key Activities do you perform?

CATEGORIES:

Production, Problem Solving, Platform/Network

Key Resources



7

What Key Resources do you need?

TYPES of RESOURCES:

Physical, Intellectual, Human, Financial

Value Proposition



2

What do you do?
What value are you delivering?
Which problems are you solving?

CHARACTERISTICS:

Novelty, Performance, Customization, Design, Brand/Status, Price, Cost Quality, Accessibility, Convenience/Usability

Customer Relationships



3

How do you grow?
How do you establish & maintain customer relations?

Channels



4

How your customers want to be reached?
How do you reach them now?
How cost efficient?

Customer Segments



1

Whom do you help?

Whose problems are you solving?

What jobs do they really want to get done?

Mass/Niche Market
Segmented, Diversified

Cost Structures

8

What will it cost to deliver a value?
What are the **most important costs**?



COSTS like:

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

Revenue Streams

9

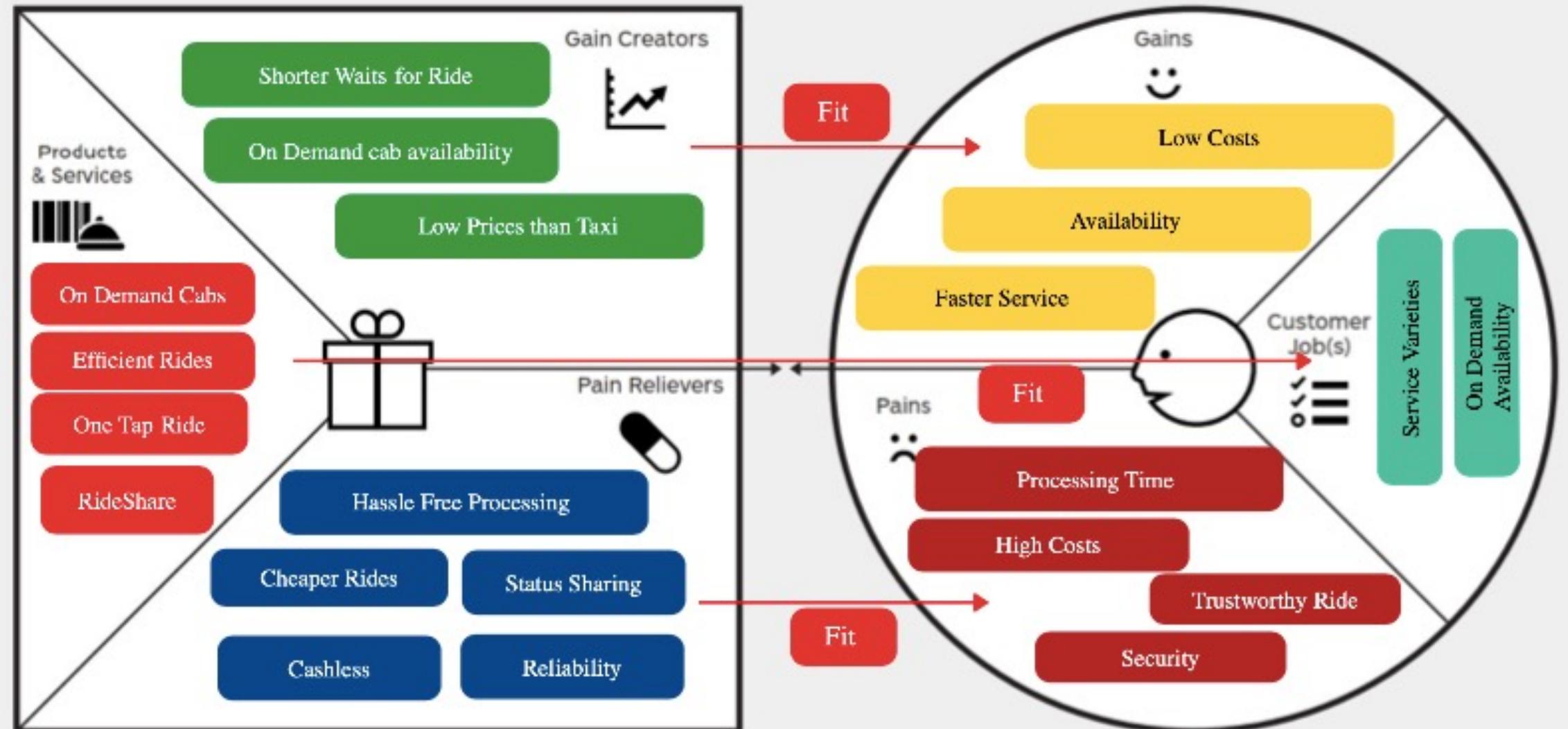
How much will you make?
What are different revenue streams?
How each stream will contribute to total revenue?



STREAMS like:

Direct sale, Usage fee, Subscription Fees, Advertising, Lending/Renting/Leasing, Licensing, Brokerage fees etc.

VPC - UBER

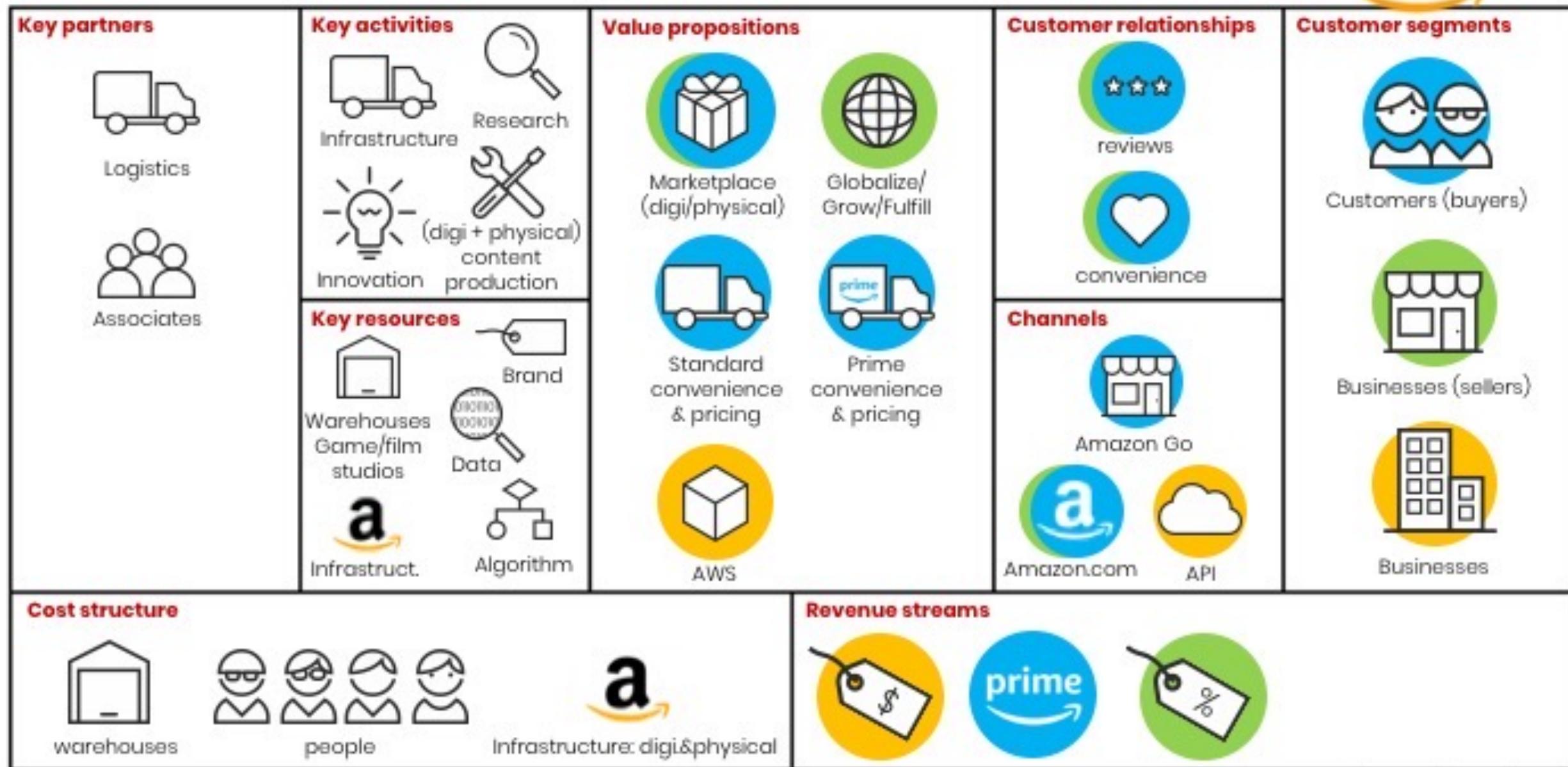


BMI • Business model canvas

UBER



BMI • Business model canvas





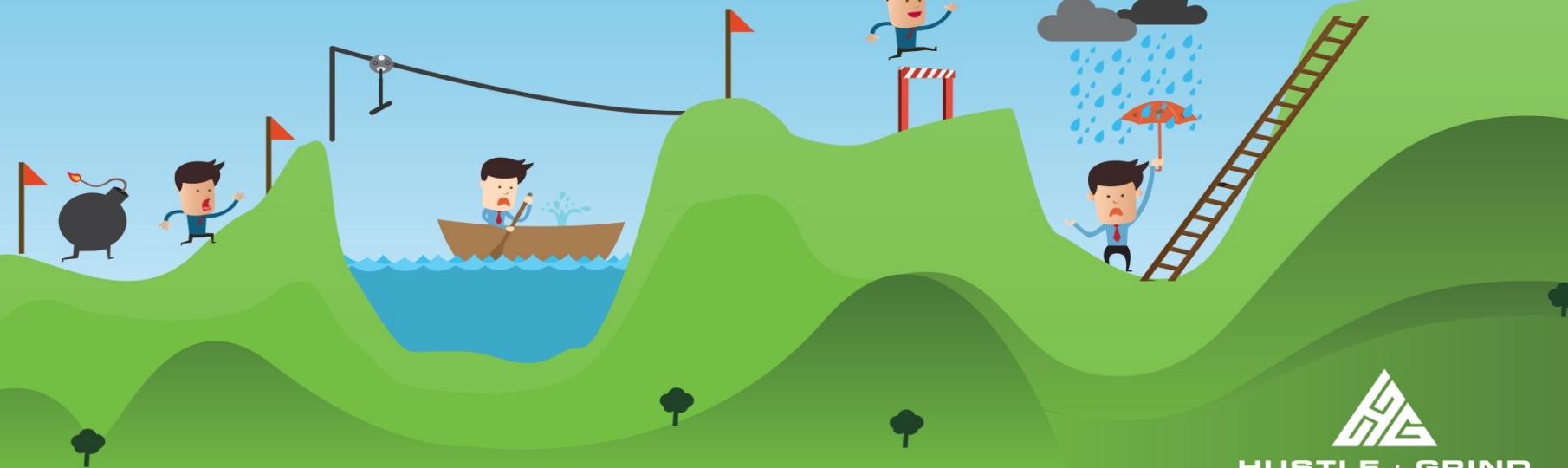
We don't get
Innovations
at
gunpoint!!!

do we?

YOUR PLAN.



REALITY.



HUSTLE + GRIND

Enterprise may fail,
Entrepreneur don't !!!



Mindset, Attitude, Skill...

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Thank
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