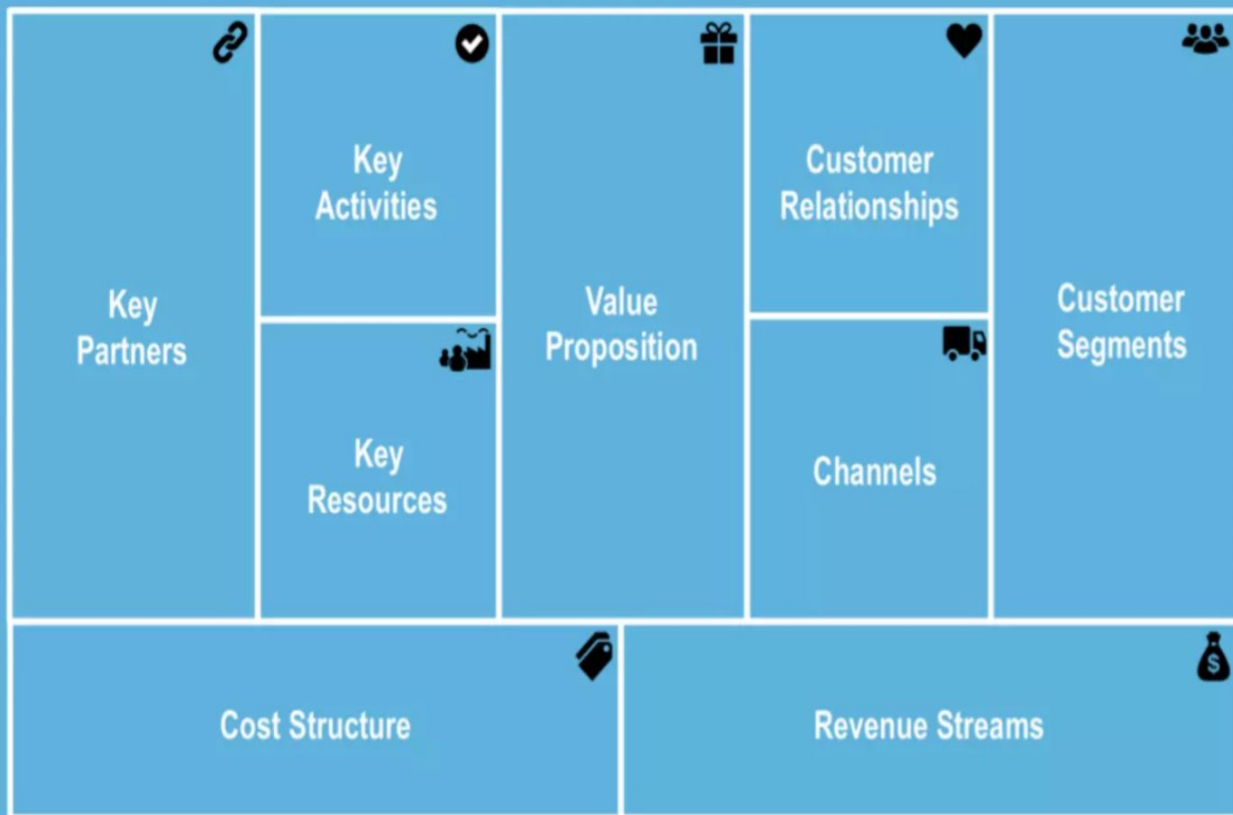


A primer to Business Model Canvas

Date : 6th May 2023 | Speaker : Ayon Roy

Agenda

1. Introduction to Business Model Thinking
2. The 9 Building Blocks
3. The Business Model Canvas
4. Business Model Design Process
5. Basics of Design Thinking
6. The Value Proposition Canvas
7. Presenting the Business Model Canvas



Learning Objectives



Understand the key concepts of business model thinking.



Acquire knowledge of the 9 building blocks of the Business Model Canvas for value creation.



Learn how to apply the Business Model Canvas to map out your current business model for understanding and analysis.

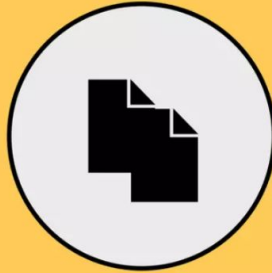


Gain basic knowledge of the Business Model design process and related frameworks.

3 Traits of Successful Entrepreneurs



Do not focus on
product innovation
alone



Do not copy an
existing business
model



Willing to take
risks and
experiment with
their businesses

“While product innovation and process innovation are important aspects in entrepreneurship, having the right business model more often than not would make the difference between success and failure.”

Yves Pigneur



Definition of Business Model

“A business model describes the rationale of how an organization creates, delivers, and captures value.”

Business Model



Create

Product/Service



Deliver

Organization

Customers

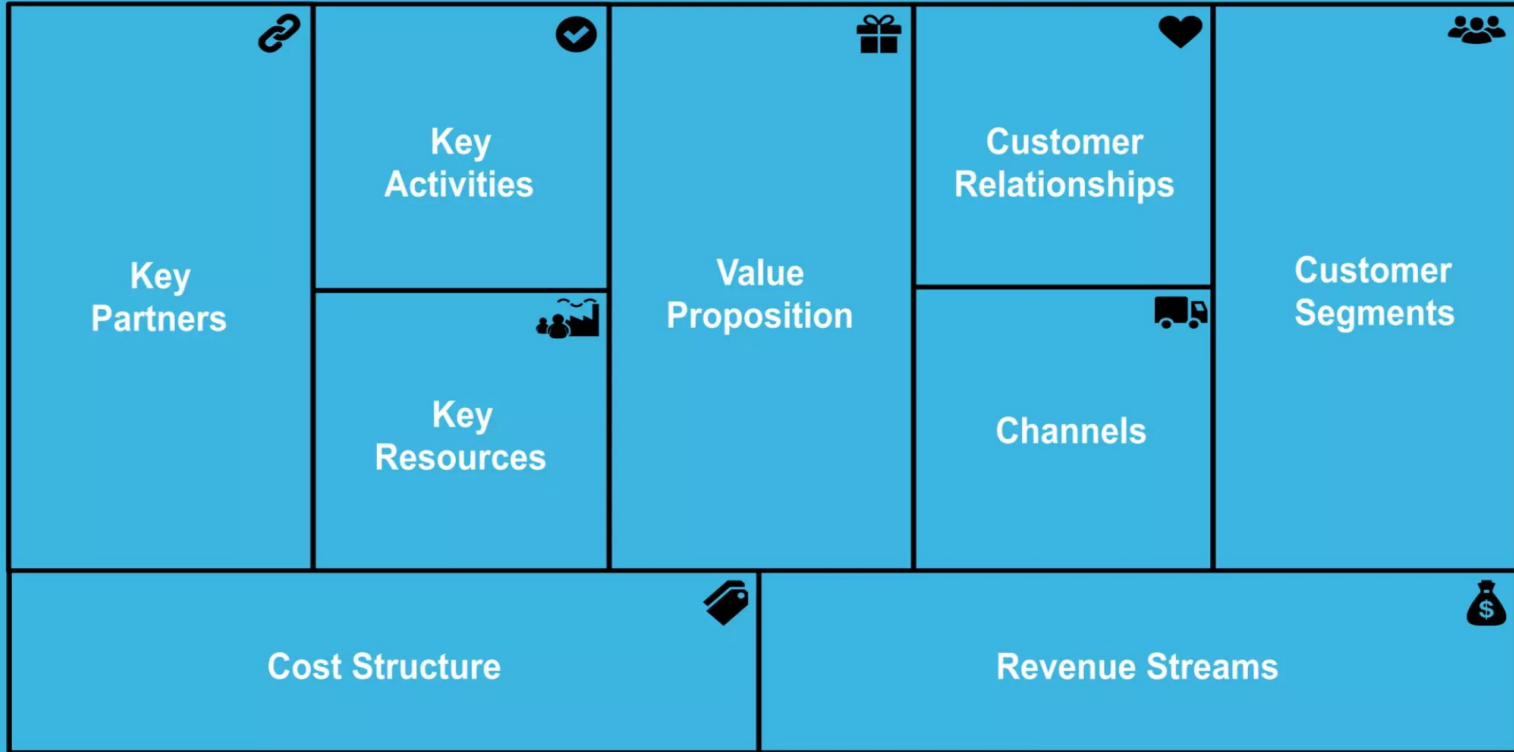
Capture



Revenue (\$)



The Business Model Canvas is a Strategic Management framework for developing business models



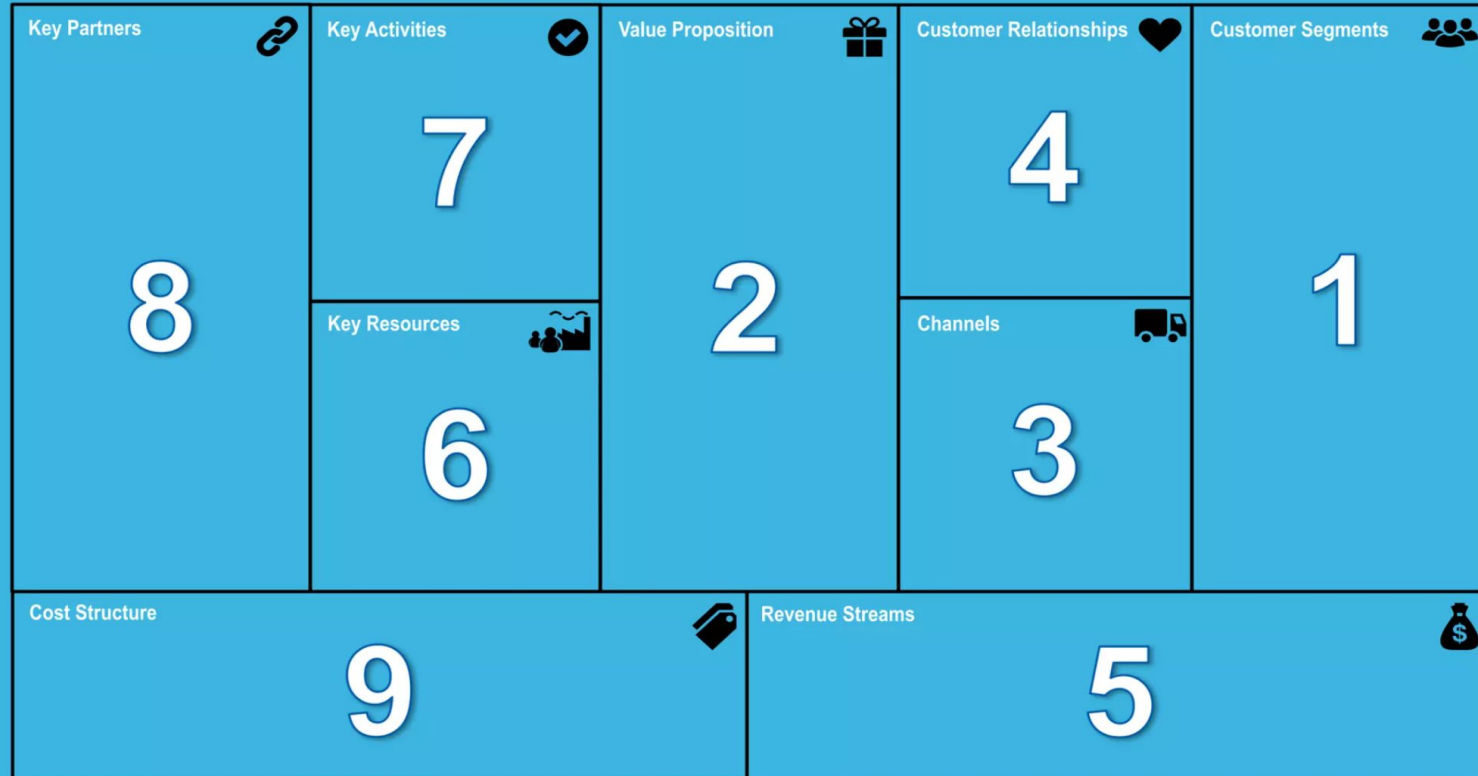
The Business Model Canvas is a Visual Tool

- A visual representation of the various elements of your business model
- The canvas allows you to:
 - **see the relationships among the parts of your model**
 - **identify hypothesis, assumptions and risks**
 - **plan validation testing (market, channels, pricing)**
 - **find ways to add value or reduce cost**
 - **brainstorm market disruption strategies**

Applications of the Business Model Canvas

1. Strategizing
2. Dashboard
3. Understanding competition
4. Portfolio of business models
5. Innovation
6. New idea template
7. Understanding customers
8. Organizational alignment
9. Strategy diffusion and co-creation
10. Shared language across functions
11. Aligning value side (revenue) and infrastructure side (costs)
12. Investing
13. Mergers and acquisitions
14. Exit strategies

The Business Model Canvas consists of 9 generic building blocks for developing new or documenting existing business models



The 9 Building Blocks



1

Customer Segments

An organization serves one or several Customer Segments.



2

Value Propositions

It seeks to solve customer problems and satisfy customer needs with value propositions.



3

Channels

Value propositions are delivered to customers through communication, distribution and and sales Channels.

1. Customer Segments



The Customer Segments Building Block defines the different groups of people or organizations an enterprise aims to reach and serve

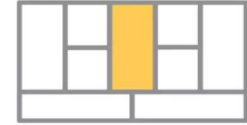
Key Questions:

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

Key Points:

- A company may group customers into distinct segments with common needs, common behaviors or other attributes
- A business model may define one or several large or small Customer Segments
- Types of Customer Segments:
 - Mass market (e.g. car)
 - Niche market (e.g. Rolex)
 - Segmented
 - Diversified
 - Multi-sided platforms (or multi-sided markets)

2. Value Propositions



The Value Propositions Building Block describes the bundle of products and services that create value for a specific Customer Segment

Key Questions:

- What 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?

Key Points:

- A Value Proposition creates value for a Customer Segment through a distinct mix of elements catering to that segment's needs
- Values may be quantitative (e.g. price, speed of service) or qualitative (e.g. design, customer experience)
- Elements that contribute to customer value creation: Newness, Performance, Customization, "Getting the job done", Design, Brand/Status, Price, Cost Reduction, Accessibility, Risk Reduction, Convenience/Usability

72%

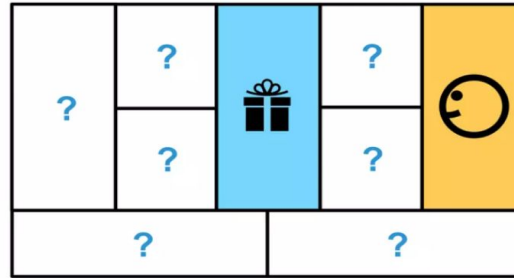
**of new product and
service innovations
fail to deliver on
expectations**



The Value Proposition Canvas allows us to dive deeper into the Value Proposition and Customer Segments of the business model

Are you creating value for your business?

The **Business Model Canvas** makes explicit how you are creating and capturing value for your business.

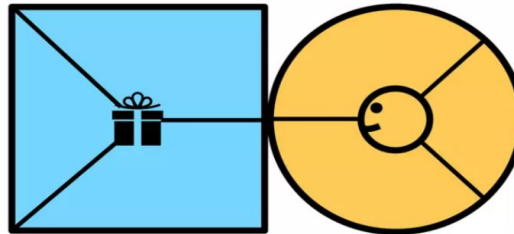


Zoom out to the bigger picture to analyze if you can profitably create, deliver and capture value around this particular customer value proposition.

- Zoom

+ Zoom

Zoom in to the detailed picture to investigate if the customer value proposition in your business model really creates value for your customer.



Are you creating value for your customer?

The **Value Proposition Canvas** makes explicit how you are creating value for your customers.

Business Model Canvas

Designed for:

Startup Name

Designed by:








Name1, Name2, ...

Date:

DD/MM/YYYY

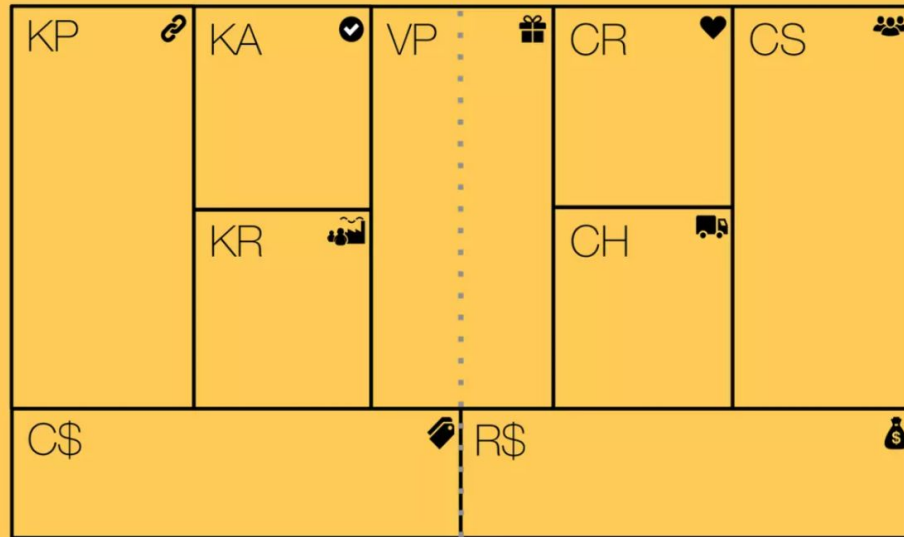
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<p>Key Partners </p> <p>Who are our Key Partners? Who are our key suppliers? Which Key Resources are we acquiring from partners? Which Key Activities do partners perform?</p> <p>MOTIVATIONS FOR PARTNERSHIPS: Optimization and economy, Reduction of risk and uncertainty, Acquisition of particular resources and activities</p>	<p>Key Activities </p> <p>What Key Activities do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue streams?</p> <p>CATEGORIES: Production, Problem Solving, Platform/Network</p>	<p>Value Propositions </p> <p>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?</p> <p>CHARACTERISTICS: Newness, Performance, Customization, "Getting the Job Done", Design, Brand/Status, Price, Cost Reduction, Risk Reduction, Accessibility, Convenience/Usability</p>	<p>Customer Relationships </p> <p>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?</p>	<p>Customer Segments </p> <p>For whom are we creating value? Who are our most important customers? Is our customer base a Mass Market, Niche Market, Segmented, Diversified, Multi-sided Platform</p>
<p>Cost Structure </p> <p>What are the most important costs inherent in our business model? Which Key Resources are most expensive? Which Key Activities are most expensive?</p> <p>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).</p> <p>SAMPLE CHARACTERISTICS: Fixed Costs (salaries, rents, utilities), Variable costs, Economies of scale, Economies of scope</p>	<p>Revenue Streams </p> <p>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?</p> <p>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</p>			

Left Canvas vs. Right Canvas

LEFT CANVAS
efficiency



RIGHT CANVAS
value

5 Phases of Business Model Design

OBJECTIVE

Mobilize

- Prepare for a successful business model design project

Understand

- Research and analyze elements needed for the business model design project

Design

- Generate and test viable business model options, and select the best

Implement

- Implement the business model prototype in the field

Manage

- Adapt and modify the business model in response to market reaction

Business Models and Business Plans



BUSINESS PLAN

EXECUTIVE SUMMARY

THE TEAM

- Management Profile
- Why We Are a Winning Team

THE BUSINESS MODEL

- Vision, Mission and Values
- How Our Business Model Works
- Value Proposition
- Target Markets
- Marketing Plan
- Key Resources and Activities

FINANCIAL ANALYSIS

- Breakeven Analysis
- Sales Scenarios and Projections
- Capital Spending
- Operating Costs
- Funding Requirements

EXTERNAL ENVIRONMENT

- The Economy
- Market Analysis and Key Trends
- Competitor Analysis
- Competitive Advantage of Our Business Model

IMPLEMENTATION ROADMAP

- Projects
- Milestones
- Roadmap

RISK ANALYSIS

- Limiting Factors and Obstacles
- Critical Success Factors
- Specific Risks and Countermeasures

CONCLUSION

ANNEXES

Financial spreadsheets

Environmental analysis

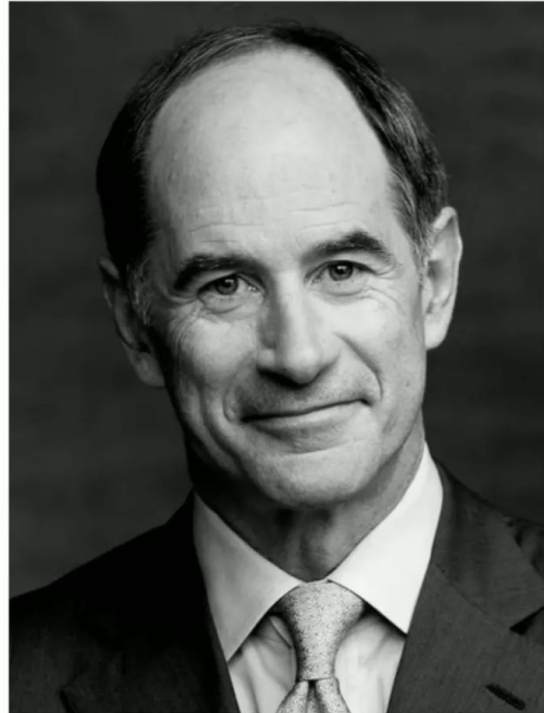
Implementation roadmap

SWOT and uncertainty analysis

*“Businesspeople
don’t just need to
understand
designers better;
they need to become
designers.”*

Roger Martin

Dean, Rotman School of Management



Principles of Design Thinking



Human-centered

Discover people's real needs and wants. Be able to gain deep insights of their motivations and share the feelings of others.



Hands-on

Ideas are made tangible through prototyping. Build rough or lo-fi prototypes to learn how to make ideas better.



Highly-creative

Look at situations differently. Push past obvious solutions and existing alternatives to get to breakthrough ideas.



Iterative

Repeat each phase backwards and forwards and arrive at each decision or desired result, after rounds of learning and discovery.



Collaborative

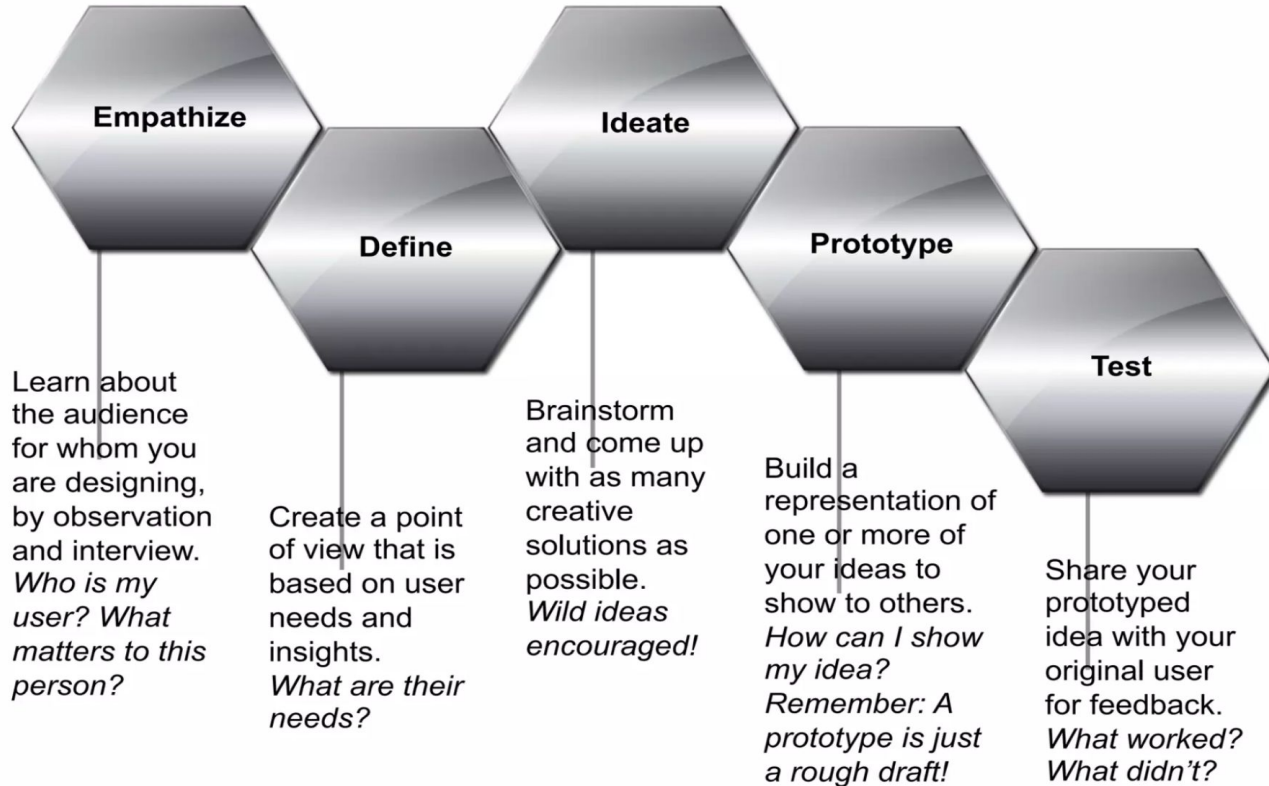
Work as a team to look at the problem holistically and implement solutions to improve people's experience.



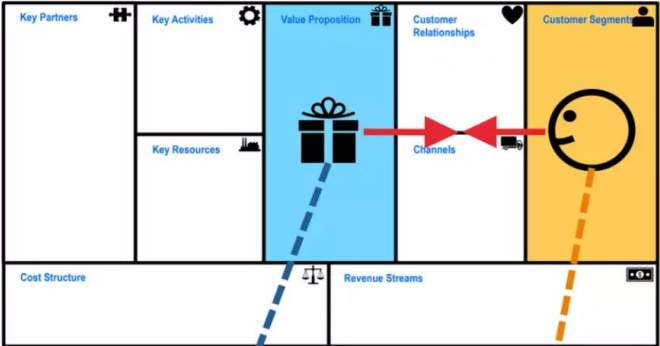
Show, don't tell

Enable the user to experience the story through action, words, thoughts, senses and feelings rather than pure description.

The Design Thinking Process Consists of 5 Action Phases



Role of Value Proposition Designer – Determine the best fit between the value proposition and customer needs



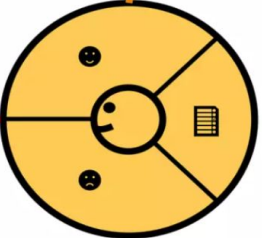
**BUSINESS MODEL
CANVAS**



**VALUE
PROPOSITION
DESIGNER**

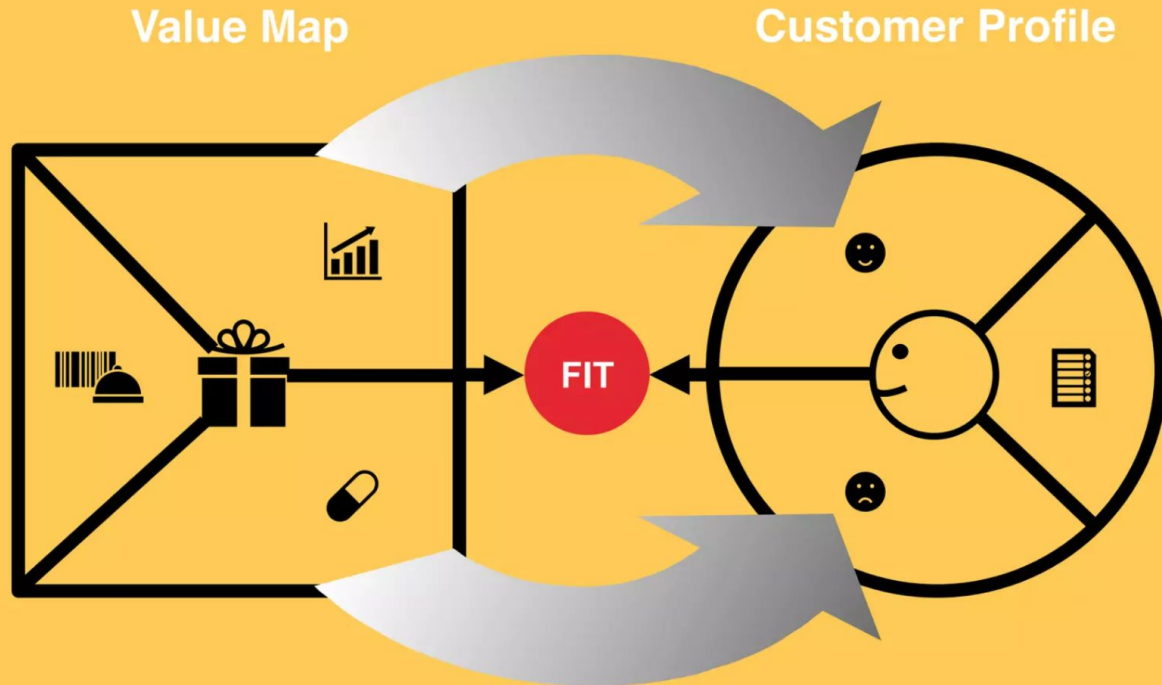


**VALUE
PROPOSITION**



**CUSTOMER
SEGMENT**

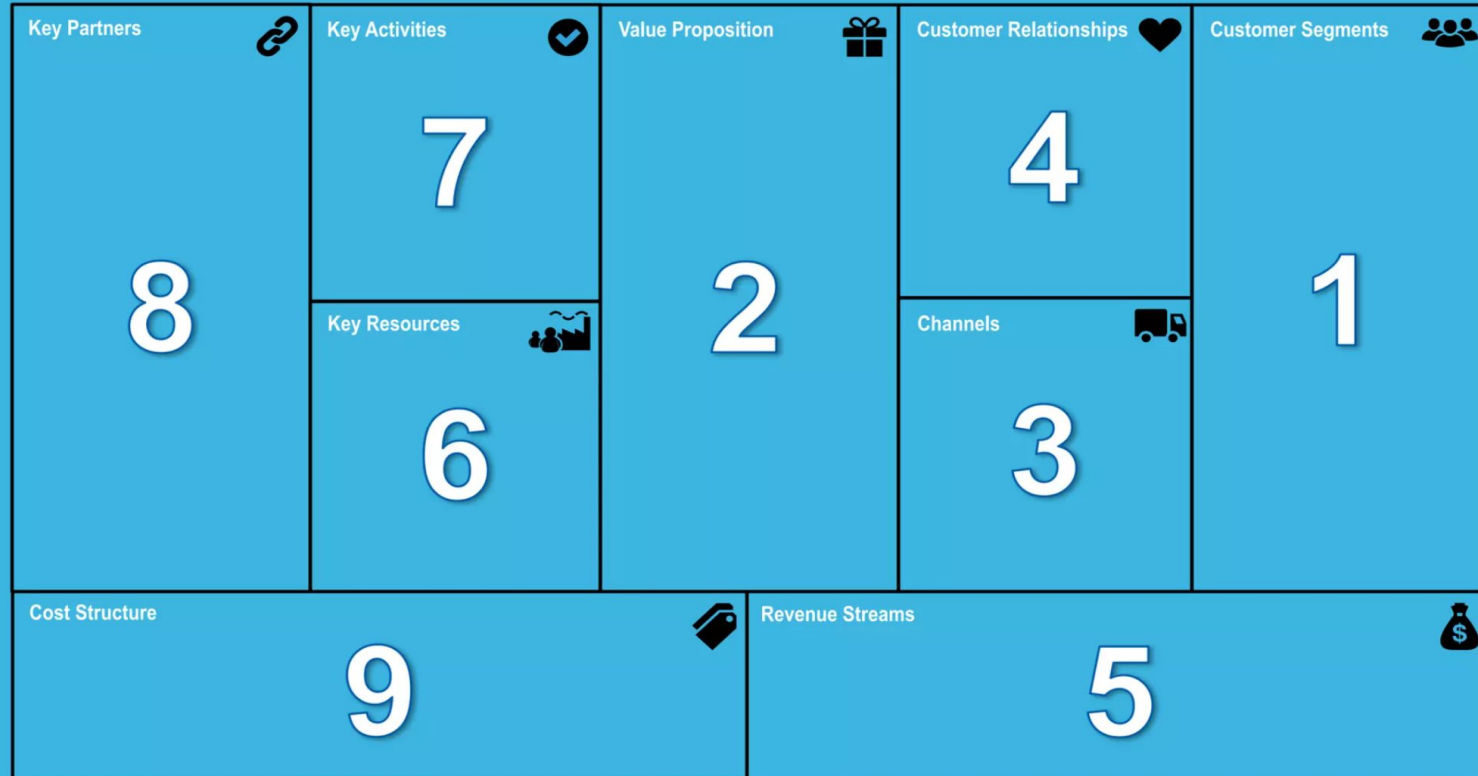
Fit is achieved when your value proposition alleviate extreme pains and create essential gains that customers care about



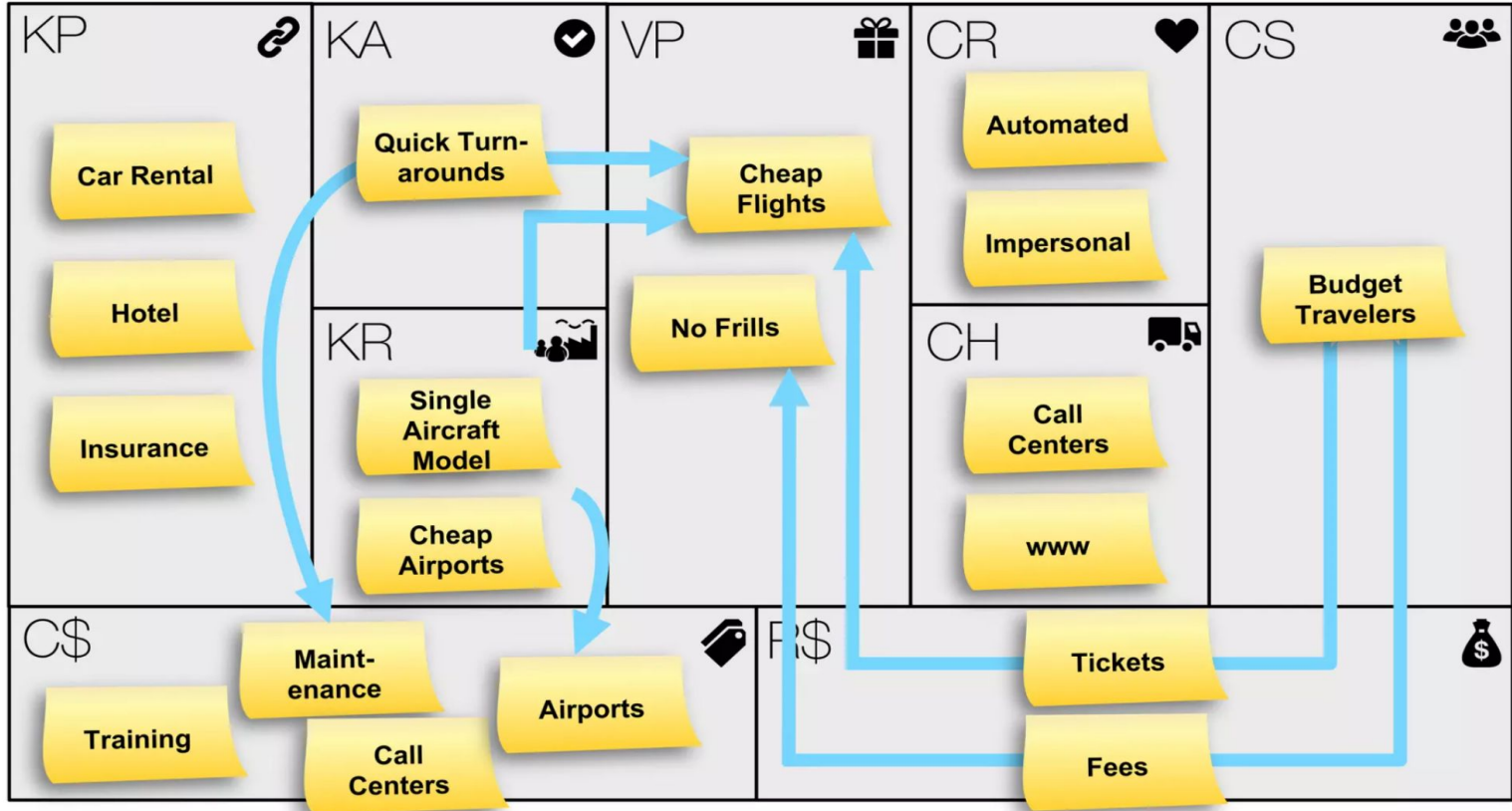
Presenting the Business Model Canvas – Don'ts

1. Commit cognitive murder – showing the entire canvas all at once
2. Too much granularity and detail
3. Too many ideas in one canvas
4. “Filling out” each box one after another like a checklist
5. Orphan elements – elements that have no connection to other elements (e.g. a revenue stream without a customer who is paying for a value proposition)
6. Mixing present and future state
7. Gives in to the urge to blah blah blah

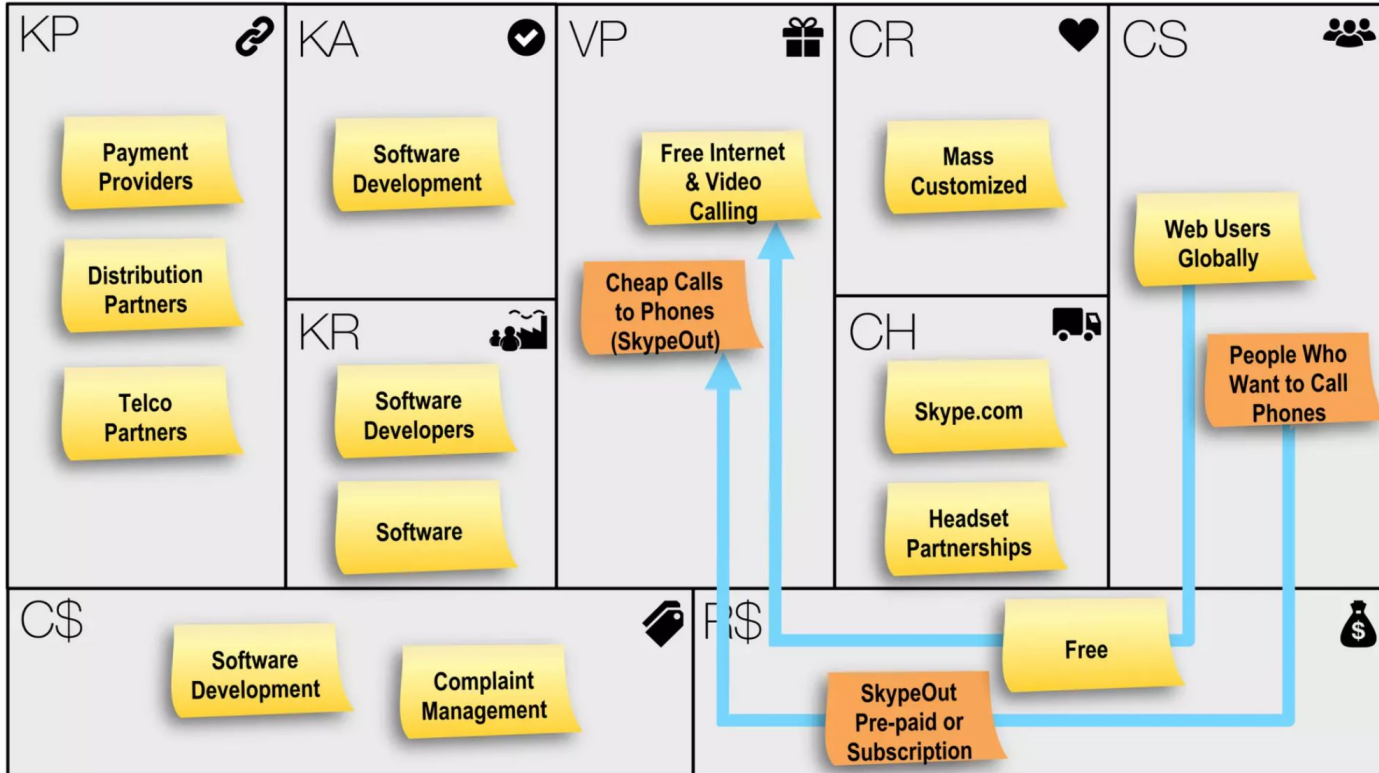
The Business Model Canvas consists of 9 generic building blocks for developing new or documenting existing business models



Low Cost Airlines Business Model



Skype Business Model



**Thank
You**



Scan the QR Code