

Business Model Canvas

Dr G, 2021
45 Minutes

+ Goal of this session

- **What is Business Model Generation?**
- **Why there are the 9 business building blocks?**
- **How to paint on the Business Canvas?**
- **Where to first put your attention?**
- **Experiment and work on a few team exercises**
- **Start your homework assignment**

You're holding a handbook for visionaries, game changers, and challengers striving to defy outmoded business models and design tomorrow's enterprises. It's a book for the...

Business Model Generation

WRITTEN BY
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CO-CREATED BY
An amazing crowd of 450 contributors from 80 countries

DESIGNED BY
Alec Smith, The Wilderness





9 Building Blocks

- **Channels: CH**
 - **Revenue Stream; RS**
 - **Value Proposition: VP**
 - **Customer Relationship: CR**
 - **Key Resources: KS**
 - **Customer Segment: CS**
 - **Key Activities: KA**
 - **Cost Structure: CS**
 - **Key Partners: KP**
- **Channels**
 - How a company communicates with and reaches its Customer Segments to deliver a Value Proposition
 - **Revenue Streams**
 - The cash a company generates from each Customer Segment
 - **Value Propositions**
 - The bundle of products and services that create value for a specific Customer Segment
 - **Customer Relationships**
 - The different groups of people or organizations an enterprise aims to reach and serve
 - **Key Resources**
 - The most important assets required to make a business model work
 - **Customer Segments**
 - An organization serves one or several Customer Segments
 - **Key Activities**
 - The most important things a company must do to make its business model work
 - **Cost Structure**
 - All costs incurred to operate a business model
 - **Key Partnerships**
 - The network of suppliers and partners that make the business model work

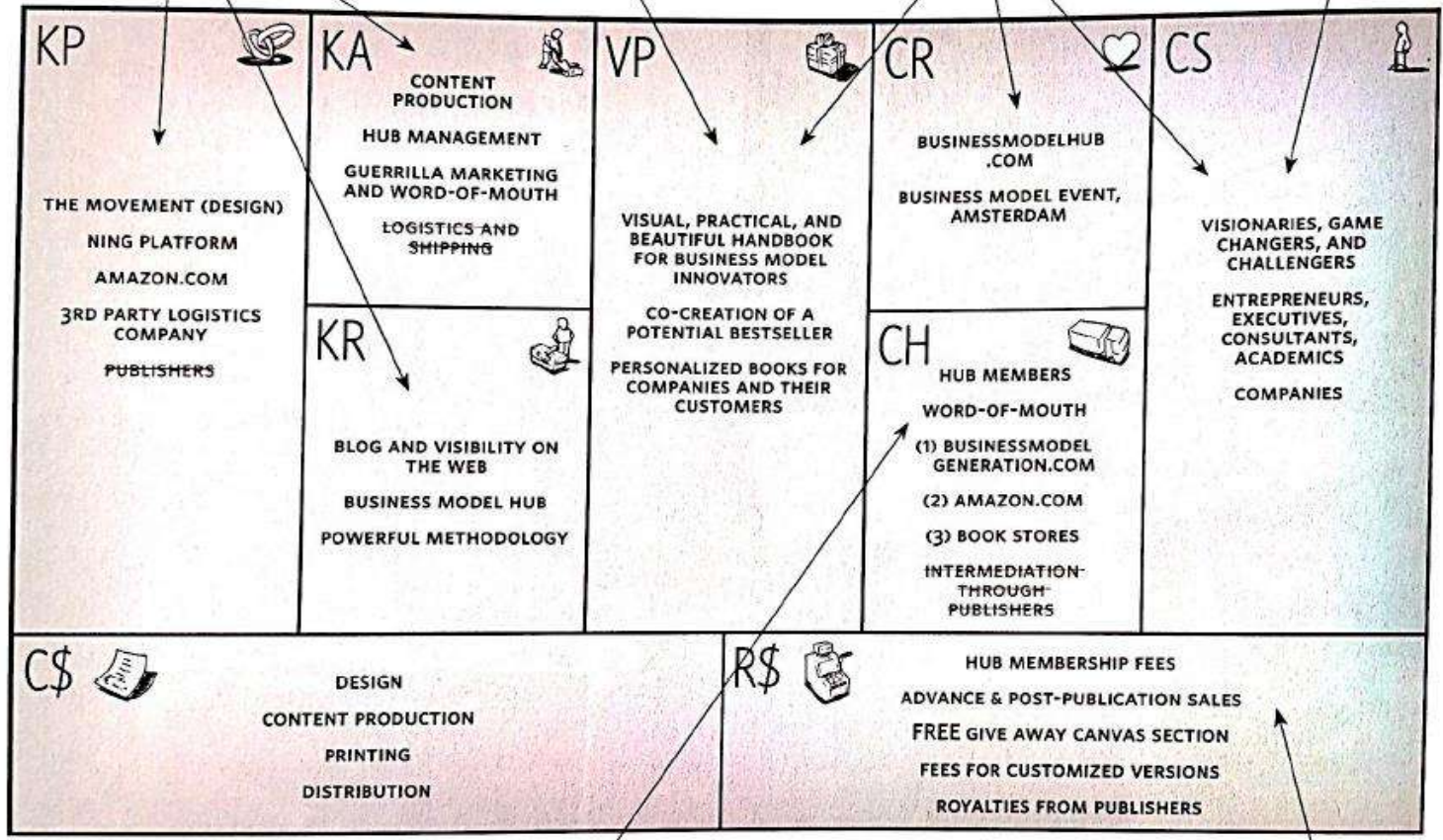


Production and Logistics
 Anything beyond content creation is outsourced to readily available service providers.

Differentiation
 An entirely different format, business model, and story for the book makes it stand out in a crowded market.

Community
 The book is co-created with practitioners from around the world who feel ownership thanks to attribution as contributing co-authors.

Buyers
 Paying customers are not only readers, but co-creators and companies that want customized books for their employees and clients.



Reach
 A mix of direct and indirect Channels and a phased approach optimizes reach and margins. The story of the book lends itself well to viral marketing and word-of-mouth promotion.

Revenues
 The book was financed through advance sales and fees paid by co-creators. Additional revenues come from customized versions for companies and their clients.

THE CANVAS OF BUSINESS MODEL GENERATION

+ Team Exercise Break-out Room #1

10 Minutes

- Go into breakroom room of your own team (with or without your client)
- Decide which of the building blocks is most important. Prioritize the 9 boxes...and add 2 more.
- Use the post-it note and stick them on a wall. Most important on top.
- Be ready to share and tell the class your priorities, and why. Also, tell us what is the value proposition for your customers.

+ Order of Building Blocks

Ideal Order (but not always true)

1. **Customer Segments**
2. **Value Propositions**
3. **Channels**
4. **Customer Relationships**
5. **Revenue Streams**
6. **Key Resources**
7. **Key Activities**
8. **Key Partners**
9. **Cost Structure**

+ Revenue Stream, Revenue Model, Business Model

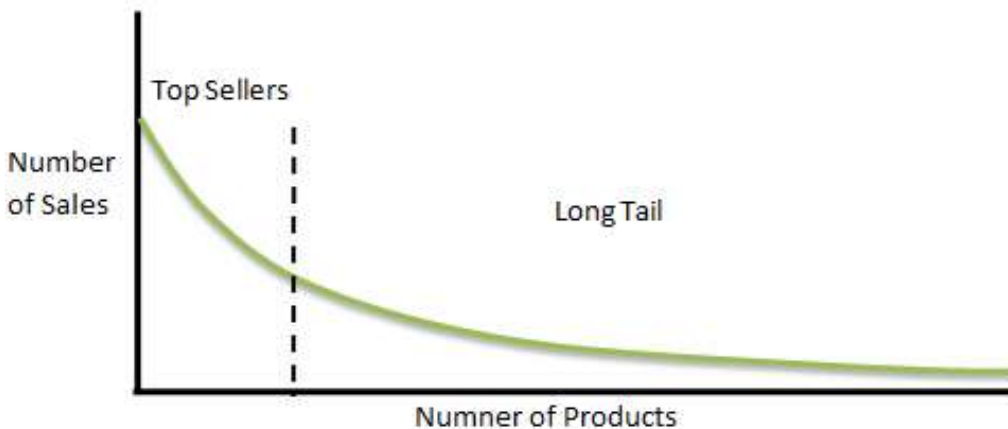
From the Founder's Institute

- *A **revenue stream** is a company's single source of revenue. A company can have zero or many revenue streams, depending on its size.*
- *A **revenue model** is the strategy of managing a company's revenue streams and the resources required for each revenue stream.*
- *A **business model** is the structure comprised of all aspects of a company, including revenue model and revenue streams, and describes how they all the boxes are working together. In essence, a business model performs two important functions: It creates value, and it captures a portion of that value.*

+ Business Models or Patterns

- **Freemium (basic service for free but premium for advanced features):** Anti-virus software, Spotify, Free newsletter but paid membership based on usage.
- **Multi-sided Platforms (A service, tech, or product that lets two or more customer or groups have direct interactions):** Apple IOS, online platforms like AsiaMiles.
- **The Long Tail (selling low volumes of hard-to-find products to many customers):** Netflix, Category Killers, YAS, Amazon).

The Long Tail

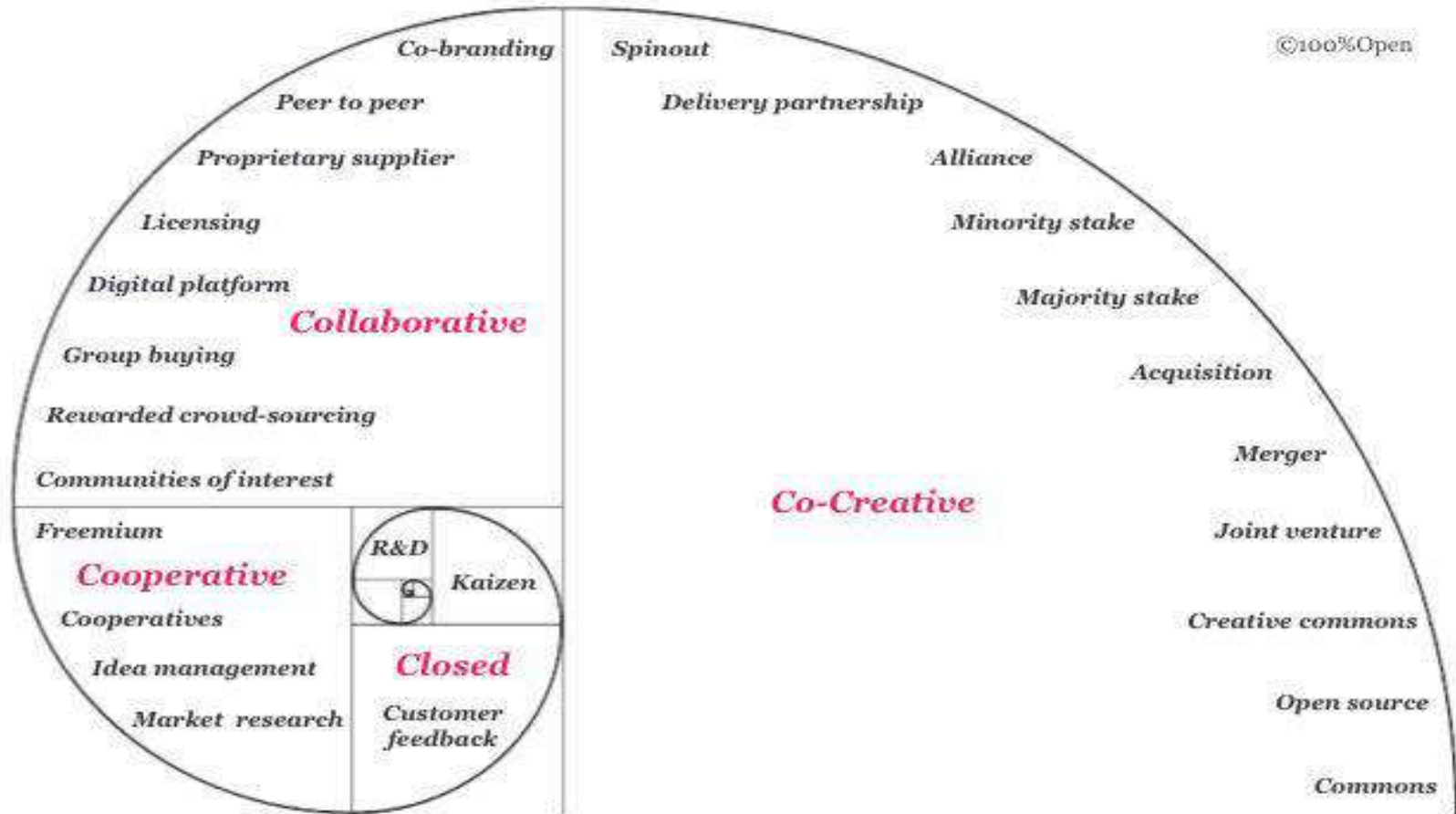


Source: Business Model Generation.



- **Open Business Models** (always seeking novel way of working with partners, customers, vendors, suppliers): Consulting firms, OASA, GlaxoSmithKline, Consumer Council, etc. (linked to Open Innovation and where a product or process is innovated through multiple companies) **[See Next Page]**
- **Unbundling Business Models** (keep the most valuable part of a value chain and remove or outsource those which customers won't pay for): Apple iTunes where one can buy single songs within an album).
- **Often most companies would use a combination of them. (45 other models: 50 Models in 2021.)**
<https://bstrategyhub.com/50-types-of-business-models-the-best-examples-of-companies-using-it/>

+ Opening Your Business Model



Source: 100% Open

+ Team Exercise Breakout Room #2

15 Minutes

- Get into your venture teams
- Get a blank sheet of Business Model Canvas
- Discuss and fill out a canvas for your venture and debate critically the sort of customer segment you want (this year, next year, year after) and the sort of relation and experience you want to have. How do you intend to close the sale?
- Be ready to discuss in 15 minutes.

The Journey in One Page

In becoming a unicorn

**Pain
or
Blind
ness**

Pain is
Reduced and
Demand
Multiplies

Value
Proposition &
USP

Profit
Contribution
to Retained
Earnings

Annotations:

- Unique Selling Proposition
- Critical Success Factors (CSFs)
- Critical Control Components (CCCs)
- Minimum Viable Product (MVP)
- Key Performance Indicators (KPIs)
- Key Risk Indicators (KRIs)

**KPI and
KRI**

CSF

MVP2

MVP3

MVP1

MVP4

MVP

MVP5

CCC

+ Summary

- A business is about creating and delivering “value” or “purpose” better than your competition. Start with your pain points and focus on serving those whom you would like to serve. Value Proposition and Customers. Treat customers like Gold (like Jeff Bezos and Toyota). **Start on the right side of the canvas.**
- Don't forget costs, but don't get too hang up with costs either at the initial stages. Conversely, don't get too wild and project a rising exponential revenue curve either.



Useful References

- Canvanizer's Free Shareable Canvas: <https://canvanizer.com/new/lean-canvas>
- Strategyzer's Free Canvas: <https://strategyzer.com/canvas>
- How to Build a Startup (Free online guide): <https://www.udacity.com/course/how-to-build-a-startup--ep245>
- Useful apps: Start up Canvas. Download the app or go to this website: <https://fourweekmba.com/lean-startup-canvas/>