



Tuesday, September 22<sup>nd</sup>  
Business Model Canvas

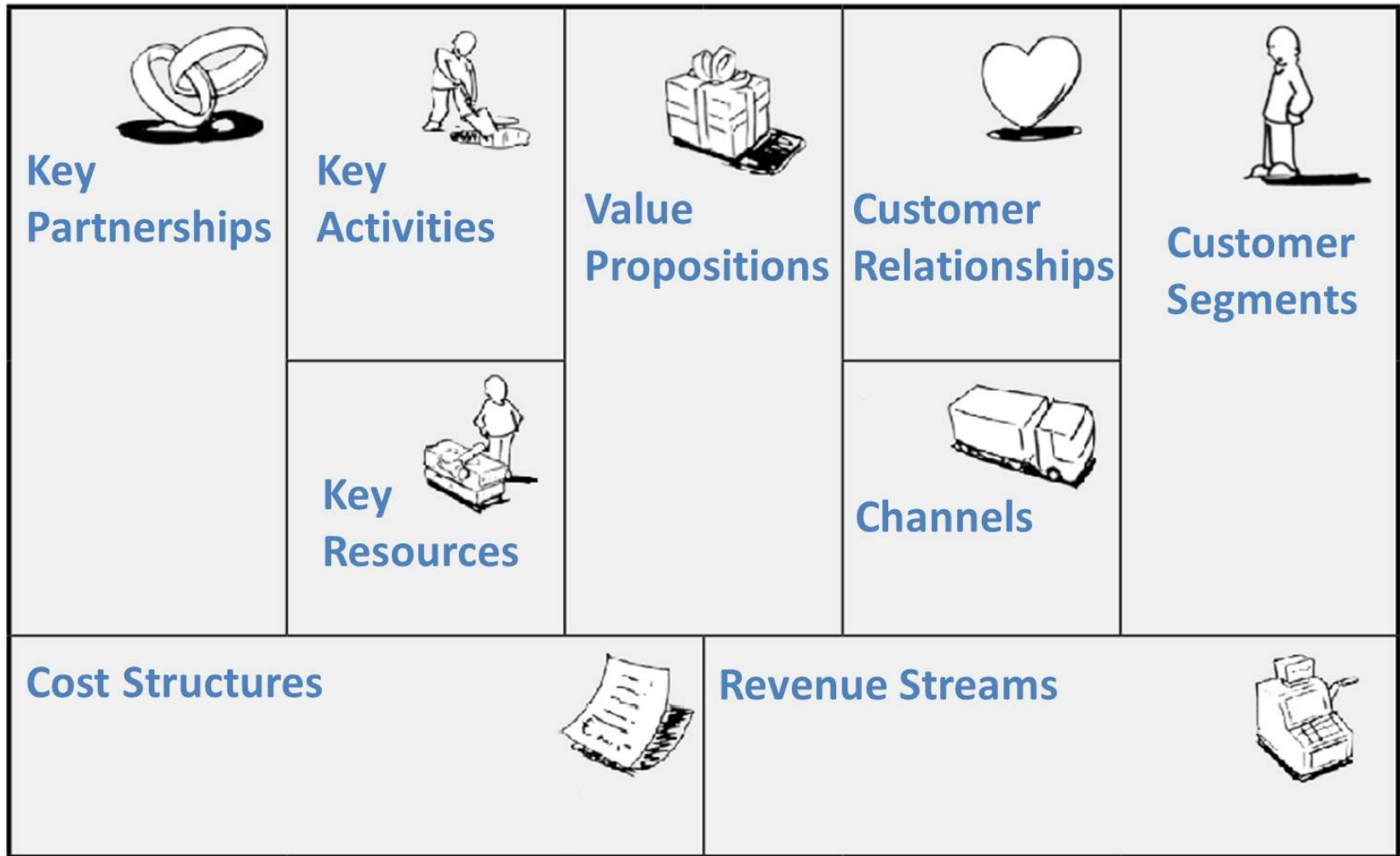
# Business Model Design

- A business model describes the rationale of how an organization creates, delivers and captures value
  - Customers
  - Product/service offering
  - Infrastructure
  - Financial Viability
- Design Attitude vs. Decision Attitude

# Let's Get Started . . .

- Napkin Drawing
  - Illustrate how customers interact with your product/ service offering
  - Describe unique attributes and special characteristics
- What are the jobs that customers need to get done?
  - What is the pain? What is the gain?
  - What problem do you solve?
  - What need do you meet?

# Business Model Canvas Overview



# Value Proposition

the bundle of products/services that create value for a specific customer segment

## Questions to Ask:

- ✓ What value do we deliver to customers?
- ✓ Which one of our customer's problems are we solving?
- ✓ What is your company's competitive advantage?
- ✓ Which customer needs are we satisfying?
- ✓ What bundles of products and services are we offering to each customer segment?

## Types of Value Propositions (quantitative and qualitative):

- Newness
- Performance
- Customization
- "Getting the job done"
- Price
- Risk / Cost reduction
- Design
- Convenience / usability
- Accessibility

# Customer Segments

different groups or organizations a company/enterprise aims to reach and serve

## Questions to Ask:

- ✓ For whom are we creating value?
- ✓ Who are our most important customers? B2B vs B2C
- ✓ Where do they live?
- ✓ How old are they?
- ✓ How much do they earn?
- ✓ Where do they “hang” out?
- ✓ How will they interact with the products?

## Types of Customer Segments:

- Mass market (e.g. Consumer products)
- Niche market (e.g. Luxury items)
- Diversified market (e.g. Amazon)
- Multi-sided markets (e.g. Credit cards)

# Channels

how a company communicates with and reaches its customer segments to deliver its value propositions

## Questions to Ask:

- ✓ Through which channels do our customers want to be reached?
- ✓ How are we reaching them now?
- ✓ How are these channels integrated?
- ✓ Which channels works best?
- ✓ Which channels works best?
- ✓ How are we integrating them with customer routines?

## Types of Channels:

- Sales force
- Web sales
- Own stores
- Partner stores
- Wholesaler

# Customer Relationships

the types of relationships a company establishes with specific customers

## Questions to Ask:

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

## Categories of Relationships:

- Personal assistance
- Dedicated personal assistance
- Self-service
- Automated service
- Customer communities
- Co-Creation



# Revenue Streams

the cash a company generates from each customer segment (Revenue - costs = earnings (profits))

## Questions to Ask:

- ✓ 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 of Revenue Streams:

- Asset sale
- Usage fee
- Subscription fees
- Lending/renting/leasing
- Licensing
- Brokerage fees
- Advertising

# Key Resources

the most important assets required to make a business model work

## Questions to Ask:

- ✓ What key resources do our value propositions require?
- ✓ What resources do our distribution channels require?
- ✓ What resources do our customer relationships require?
- ✓ What resources do our revenue streams require?

## Categories of Resources:

- Physical assets (e.g. facilities, machines, etc.)
- Intellectual resources (e.g. brands, copyrights, patents, etc.)
- Human resources
- Financial resources and/or guarantees

# Key Activities

the most important tasks a company must do to make its business model work

## Questions to Ask:

- ✓ What key activities do our value propositions require?
- ✓ What key activities do our distribution channels require?
- ✓ What key activities do our customer relationships require?
- ✓ What key activities do our revenue streams require?

## Categories of Key Activities:

- Production (e.g. Designing, making and delivering a product)
- Problem solving (e.g. Coming up with new solutions)
- Platform/Network (e.g. Service provision, interface management, platform promotion)

# Key Partnerships

the network of suppliers and partners that make a business model work

## Questions to Ask:

- ✓ 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

all costs incurred to operate a business model

## Questions to Ask:

- ✓ What are the most important costs inherent in our business model?
- ✓ Which key resources are the most expensive?
- ✓ Which key activities are the most expensive?

## Categories of Cost Structures:

- Cost-driven (= minimizing costs)
- Value-driven (= focus on value creation)

## Characteristics:

- Fixed costs
- Variable costs
- Economies of scale
- Economies of scope

# Finished Canvas


## The Business Model Canvas

Designed for:

Designed by:

Date:

Version:

|  |  |  |  |   |
|--|--|--|--|---|
| Key Partners    | Key Activities  | Value Propositions  | Customer Relationships  | Customer Segments  |
|  | Key Resources   |  | Channels                |   |
| Cost Structure  |  |  | Revenue Streams         |   |



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**NEXT WORKSHOP: TUESDAY, SEPTEMBER 29<sup>th</sup> - 11am - 1pm**

**Investor Fact Sheet/Plan of Attack**

**Please RSVP at [AmarilloEnterPrizeChallenge.com](http://AmarilloEnterPrizeChallenge.com)**

**(for food count)**

# Questions?

[www.AmarilloEnterPrizeChallenge.com](http://www.AmarilloEnterPrizeChallenge.com)

Or call  
806-374-9777