



GELLIFY

WE CONDENSE INNOVATION

DIFT

DIGITAL INTRAPRENEURS FAST TRACK

EXPLORE



SESSION 3

Business Model

**We should start knowing and understanding better how to build a Business Model.
Let's design our new Business Model from scratch!**



3. Build collaborative business models

BUSINESS MODEL DESIGN

Designing the organizational and economic processes behind the delivery of the value proposition using the Business Model Canvas.

DIGITAL BUSINESS MODELS

Understanding how to exploit digital technologies to build innovative business models based on servitization, data monetization and platforms.

SUSTAINABILITY

Putting into practice the Innovability framework for sustainable innovation.

CIRCULAR ECONOMY

Understanding the business models and processes related to circular economy for a more savvy (re-)use of resources.



Session 3: goals & outputs

Learning goal

To develop each and everyone's intrapreneurial capabilities

Topics

Learn and understand the pillars of Business Modelling.

Output

- BUSINESS MODEL CANVAS, to summarize all fundamental components of the project's structure to be

Business Model definition and analysis of its components

«A business model is supposed to answer who your customer is, what value you can create/add for the customer and how you can do that at reasonable costs.»

Peter Drucker

Can you tell the differences? Each one has its own business model and peculiarity!

YOUTUBE
User-generated
content

NETFLIX
Digital
subscription

AMAZON
Low-touch purchase
experience



Leveraging on final users
for content creation. No
more an expense.

Democratization of
entertainment and
recurrence/retain of
customers.

Digitalization of the retail
experience and
automation of logistics

Choosing the right Business Model

LESSONS LEARNED

- **A business model is a conceptual structure** that supports the viability of a product or company and explains how the business operates, makes money, and how it intends to achieve its goals;
- Business Model innovation is arguably the biggest form of competition that exists in modern business - **well-thought Business Models are a blueprint for Business success;**
- **Innovative Business models usually represent a main competitive advantage;**
- Even though it is important to think through all possibilities at the beginning, **always keep in mind that business is ever-evolving and as such are Business Models.**

**Let's see how Design Thinking
Can speed up the process..**

Introduction to the Business Model Canvas

Business Model Canvas

WHAT IS IT?

The Business Model Canvas, devised by Swiss-born Alexander Osterwalder around the end of the 90s, is a strategic management tool to quickly and easily define and communicate a business idea or concept.

It is a one-page document which works through the fundamental elements of a business or product, by structuring an abstract idea in a consistent way.

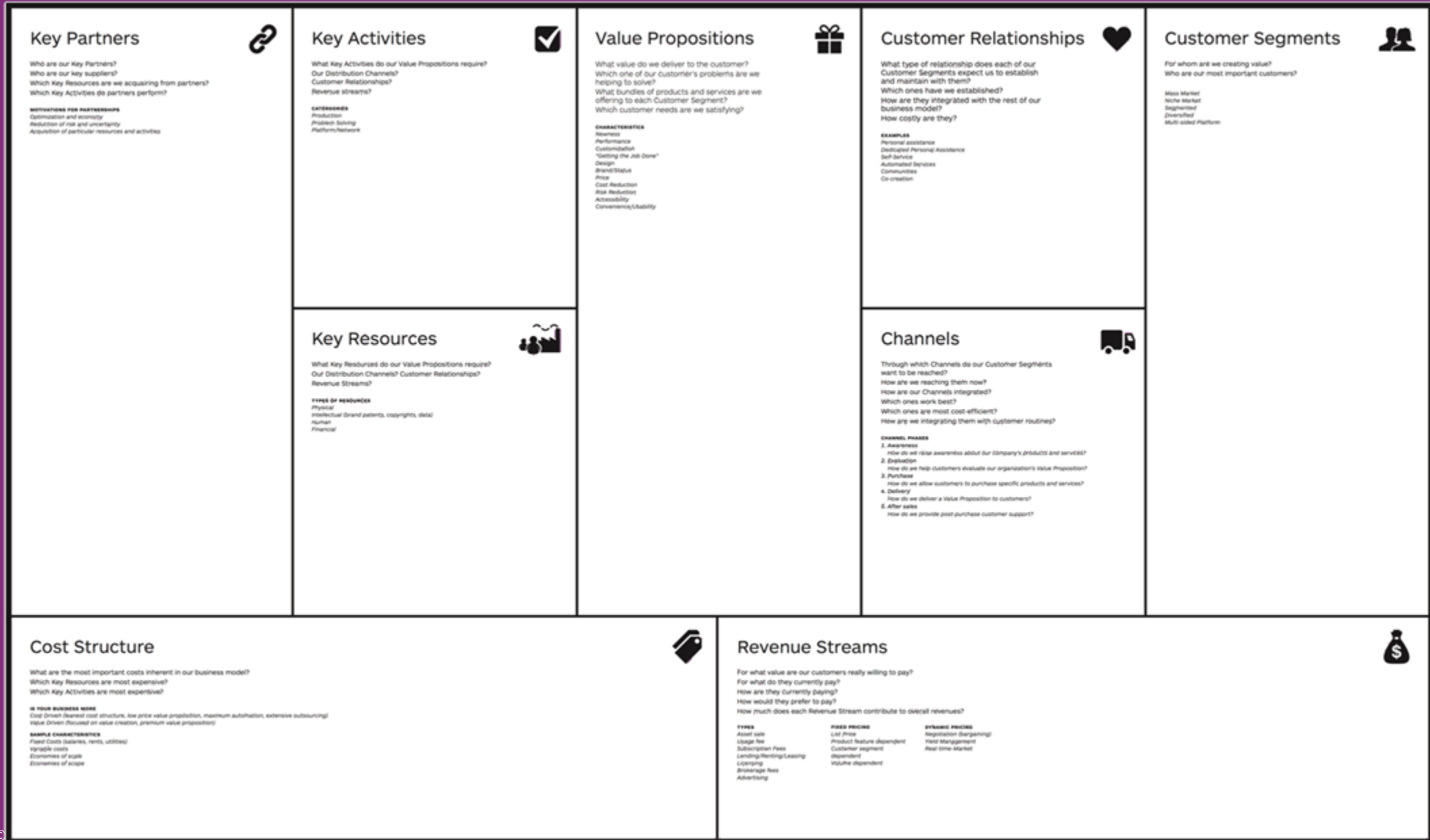
Business Model Canvas

WHY IS IT IMPORTANT?

Through the correct implementation of the Business Model Canvas, you can achieve the following goals:

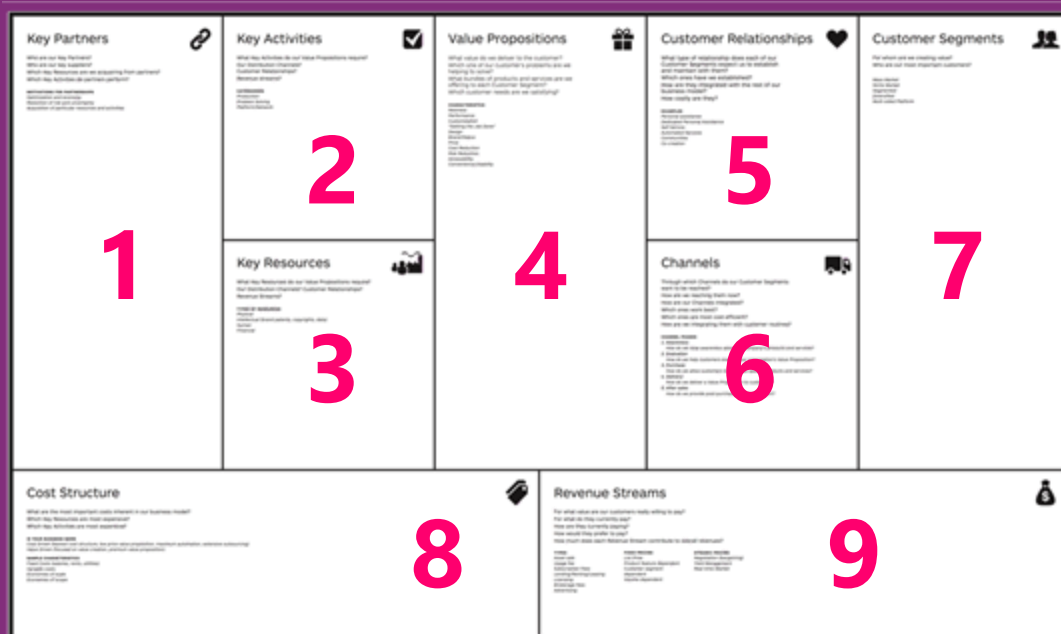
- quickly draw a picture of what the idea entails;
- get an understanding of your business by **making connections between what your idea is and how to turn it into a business;**
- think about the impact of customer decisions on your systems;
- communicate easily and to everyone a clear idea of what the business will likely be.

How to use the Business Model Canvas



BUSINESS MODEL CANVAS

TOOL: BUSINESS MODEL CANVAS



As you can see on the left, the tool is structured in the following nine sections:

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

Let's go through each and everyone of them.

Business Model Canvas: KEY PARTNER

1

2

3

4

5

6

7

8

9

DEFINITION

Key Partners are a list of other external companies/suppliers/parties you may need to collaborate with, in order to get your key activities done and deliver value to the customer.

This moves into the realm of 'if my business cannot achieve the value proposition alone, who else do I need to rely on to do it?'

An example of this is 'if I sell groceries to customers, I may need a local baker to supply fresh bread to my store'.

They are key partners to achieve the value my business promises to the customer.

QUESTIONS TO ASK

- Who are our key partners? Who are our key service providers?
- What are we acquiring from our partner?
- What are the key activities of our partner?

Business Model Canvas: KEY ACTIVITIES



DEFINITION

The Key Activities of your business/product are the actions that your business undertakes to achieve the value proposition for your customers.

QUESTIONS TO ASK

- What activities does the business undertake in achieving the value proposition for the customer?
- What is the resource used?
- Time?
- Expertise?
- Distribution of product?
- Technical development?
- Strategy?
- Offer resources (human/physical)?
- What actions does it take you and/or your staff to achieve value exchange?

Business Model Canvas: KEY RESOURCES



DEFINITION

Think about what practical resources are needed to achieve the key activities (actions) of the business.

Key means those resources are required for your business to work properly.

These resources are what is needed to practically undertake the actions/activities of your business.

EXAMPLES

- Office space
- Computers
- Hosting services
- People (staff)
- Internet connection
- Car
- Bike
- Oven
- Electricity
- Car Parts

Business Model Canvas: VALUE PROPOSITION



DEFINITION

As we discussed in Session 2, the Value Proposition is foundational to any business/product.

It is the fundamental concept of the exchange of value between your business and your customer/clients.

Generally, value is exchanged for money when a customer problem is solved, or when her/his pain is relieved by your business.

QUESTIONS TO ASK

- What is the problem I am solving?
- Why would someone want to have this problem solved?
- What is the underlying motivator/need for this problem?

Business Model Canvas: CUSTOMER RELATIONSHIP



DEFINITION

Customer Relationship is defined as the way a business interacts with its customers.

So, do you meet with them in person? Or over the phone? Or is your business predominantly run online so the relationship will be online too?

A helpful step is to create a User Journey Map of your customers as they interact with your business (more detail in Session 4) – this helps clarify the points of engagement between you and your customers and the models used to relate with them.

This will also help you start to define your operations as a business and identify opportunities for automation.

EXAMPLES

- In person relationship (one-to-one)
- Third party contractors manage relationships
- Online relationship
- Events (one-to-many)
- Phone call relationship

Business Model Canvas: CHANNELS



DEFINITION

Channels are defined as the avenues through which your customer meets your business and becomes part of your sales cycle.

This topic is generally covered under the marketing plan for your business.

Understanding how to reach your customers is so crucial to your business since it defines how you will deliver value to them with respect to the different possible touch points.

QUESTIONS TO ASK

- How are we going to tell our customer segment about our value proposition?
- Where are our customers?
- Are they on social media?
- Are they driving their car and listening to the radio?
- Are they at an event or conference?
- Do they watch TV at 7pm on a Friday night?

Business Model Canvas: CUSTOMER SEGMENTS



DEFINITION

Customer Segmenting is the practice of dividing a customer base into groups of individuals that are similar in specific ways.

Things to consider when determining your Customer Segments are, for example: age, gender, interests and spending habits, other behaviors, values.

Another thing to gauge and understand is your market size, and how many people there are in the Customer Segment. This will help you understand your market from a micro and macro perspective.

A great place to start understanding your customer is to create customer personas for each of your Customer Segments (as we have seen in Session 2).

QUESTIONS TO ASK

- Who are we solving the problem for?
- Who are the people that my value proposition will attract?
- Are they another business? If so, what are the characteristics of those businesses?
- Or, are they other people?
- Does my value proposition appeal to men/women or both?
- Does it appeal to young adults aged 20 to 30 or teenagers?
- What are the characteristics of the people who are looking for my value proposition?

Business Model Canvas: COST STRUCTURE



DEFINITION

Your business cost structure is defined as the monetary cost of operating as a business. Think of every cash outflow you ought to bear in order to secure those resources needed for your business to work.

It is important also to place a monetary value on your time as a cost, even though you are not getting a full salary yet.

QUESTIONS TO ASK

- What is the cost of my business?
- How much does it cost to achieve my businesses key activities?
- What are the cost of my key resources and key partnerships?
- How much does it cost to achieve the value proposition for my customers/users?
- Are there additional costs to run a business?
- Legal costs? Insurance costs?
- How much would it cost you to “hire yourself”?
- What is the opportunity cost of running your business?

Business Model Canvas: REVENUE STREAMS



DEFINITION

Revenue Streams are defined as the way by which your business converts your Value Proposition or solution to the customer's problem into financial gain.

When thinking about pricing, it is also important to consider the "pain" of purchase in exchange for the relieve of solving the problem for your customer.

EXAMPLES

- Pay per product (pay per view)
- Fee for service
- Fixed rate
- Subscription
- Dividends
- Referral feeds
- Freemium
- Equity gain












Next steps & offline activities

ACTIVITY OFFLINE

BUSINESS MODEL CANVAS

1 week

<p>Key Partners </p> <p>Who are our Key Partners? Which Key Resources are we acquiring from partners? Which Key Activities do our partners perform? What are our channels? What are our Customer Segments?</p>	<p>Key Activities </p> <p>What Key Activities do our Value Propositions require? What Key Resources do our Customer Relationships require? What are our channels? What are our Customer Segments?</p>	<p>Value Propositions </p> <p>What value do we deliver to the customer? Which value of our customer's problems are we solving for them? Which benefits of products and services are we offering to solve Customer Segments' problems? Which customer needs are we addressing?</p>	<p>Customer Relationships </p> <p>What type of relationship does each of our Customer Segments expect us to establish with them and what? Which value from our relationships? What are they engaged with the rest of our business and why? How costly are they?</p>	<p>Customer Segments </p> <p>For whom are we creating value? Which are our most important customer segments?</p>
<p>Key Resources </p> <p>What Key Resources do our Value Propositions require? What Key Activities do our Customer Relationships require? What are our channels? What are our Customer Segments?</p>	<p>Channels </p> <p>Through which Channels do our Customer Segments reach the market? How are we reaching each segment? How are our Channels integrated? What are our costs? How do we reach each segment? How are we interacting with each customer segment?</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? Which Channels are most expensive? What are our Customer Segments?</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? What are our revenue streams?</p>	

Complete the Business Model Canvas:

- Think about your starting idea: get a clear understanding of it before to start.
- Answer as many questions as possible, even trivial elements might turn out to be crucial.
- This works also as a counter-check for testing your idea and its feasibility.

SESSION 3

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