

What is a **business model**



Bruce Hohne

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

—Osterwalder & Pigneur **Business Model Generation**

“The business model is like a blueprint for a **strategy to be implemented through organizational structures, processes and systems.”**

—Osterwalder & Pigneur **Business Model Generation**

What are the 9 building blocks of a Business model

1. **Customer segments** *an organization serves one or more customer segments*
2. **Value propositions** *solve customer problems and satisfy needs*
3. **Channels** *value propositions delivered through communication, distribution + sales channels*
4. **Customer relationships**
established + maintained with each customer
5. **Revenue streams**
result from value propositions successfully offered to customers
6. **Key resources** *assets required to offer and deliver above ...*
7. **Key activities** *...by performing key activities*
8. **Key partnerships** *activities outsourced and resources acquired outside*
9. **Cost structure** *business model elements result in the cost structure*









LEAN CANVAS

The Business Model Canvas

Designed for:

Designed by:

On: Day Month Year
Iteration: No.

<h3>Key Partners</h3>  <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>KEY ACTIVITIES AND PARTNERSHIPS Distribution and delivery Acquisition of the core technology Acquisition of particular resources and activities</p>	<h3>Key Activities</h3>  <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>	<h3>Value Propositions</h3>  <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 Business Customer-centric Customizable "Selling the Sizzle" Simple Proven Core Business Differentiation Innovative Complementary Convenience/Usability</p>	<h3>Customer Relationships</h3>  <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>CATEGORIES Personal assistance Dedicated Personal Assistance Self Service Automated Services Communities Co-creation</p>	<h3>Customer Segments</h3>  <p>For whom are we creating value? Who are our most important customers?</p> <p>KEY SEGMENTS Mass Market Niche Market Segmented Segmented Segmented Multi-sided Platforms</p>
<h3>Cost Structure</h3> <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>KEY COST STRUCTURE TYPES Cost Drivers (Structure and structure, the price value proposition, maximum automation, extensive outsourcing) Value Drivers (Customer value, premium value proposition)</p> <p>EXAMPLE CATEGORIES/TYPES Fixed Costs (salaries, rent, utilities) Variable costs Economies of scale Economies of scope</p>	<h3>Key Resources</h3>  <p>What Key Resources do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue Streams?</p> <p>TYPES OF RESOURCES Physical Intellectual (brand, patents, copyrights, data) Human Financial</p>	<h3>Channels</h3>  <p>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?</p> <p>CHANNELS PRINCIPLES 1. Distribution 2. Evaluation 3. Integration 4. Promotion 5. Revenue 6. Risk 7. Adaptation</p>	<h3>Revenue Streams</h3>  <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 Subscription Usage fee Licensing Advertising Brokerage fee Interchange</p> <p>REVENUE PRINCIPLES 1. Product/Service differentiation 2. Customer segment segmentation 3. Pricing 4. Revenue 5. Risk 6. Adaptation</p> <p>REVENUE PRINCIPLES 1. Segmentation 2. Evaluation 3. Integration 4. Promotion 5. Revenue 6. Risk 7. Adaptation</p>	

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