“...don’t make business more complicated than it needs to be...”

Don Jones
Business Model Canvas

*(more than a box to check)*
Value Propositions

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’s needs are we satisfying?

Characteristics:
- Newness
- Performance
- Customization
- “Getting the job done”
- Design
- Brand/Status
- Price
- Cost (reduction)
- Risk (reduction)
- Accessibility
- Convenience/usability

1. Value prop defined for each significant customer segment
2. Quantify Value ($$, time, other)
3. Must be relative to competing solutions (consider goodness factor)

DETAIL IS IMPORTANT!
Let’s talk about revenue
Revenue is how your customer rewards you for the value that you create.

- Reflective of the value provided
- (Ideally) Quantifiable
How do you estimate revenue?
Value realized by customer: $100

Goodness Factor: 10x

Estimated revenue: $100/10 $10

Opportunity
($$/customer \times \# \text{ customers}):

$10 \times 10,000,000 \text{ customers} = $100 \text{ M}

What should I expect to get paid?

Is the opportunity big enough for me to invest the time?
Revenue Streams

For what value are your customers 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**

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**Key Resources**

- What key resources do we use to produce our value propositions?
- What role do our resources play in our Customer Relationships?
- How do our resources contribute to our Core Competence?

1. Customer value divided by the “goodness factor”.
2. Verify that you CAN extract your revenue.
3. DO NOT get hung up on the details!
What do we know, just from this?

1. We understand our customer (in detail)
2. We understand why (& how) they benefit from what we are doing
3. We understand whether there is enough left for us to make this worthwhile
4. We understand what we don’t understand!
The Business Model Canvas
“...your scientists were so preoccupied with whether they could that they did not stop to think about whether they should...”

Jeffrey Goldblum
Jurassic Park
Revenue per customer: $10

Direct cost (cost to deliver value): $3

Direct Margin: $7

$7 x 10,000,000 customers = $70 M

Can I make a profit?

Can I justify the investment and can this be a self supporting concern?
How do you use the Business Model Canvas

- The BMC is the cornerstone of your internal business plan
- The BMC need to be as specific as possible!
  - The more quantification the better
- (Initially) focus on customer segments and value proposition
- Develop it in the order that I presented it
- Prioritize risk or unknowns

- The BMC is an evolving tool, not a one time task
- The BMC should be visible to the entire team
Wanna try?