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Do Your Employees Know Why You Do What You Do?

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Culture of Your Organisation

Should be based on :

Why you do what you do

How you do it

and then

What you actually do

The Business Model Canvas

Designed for:

Designed by:

On: Day Month Year
 Iteration: No.

Key Partners



Who are our Key Partners?
 Who are our key suppliers?
 Which Key Resources are we acquiring from partners?
 Which Key Activities do partners perform?

WHY IS THIS ONE PART ESSENTIAL?
 Integration and coordination
 Reduction of risk and uncertainty
 Acquisition of particular resources and activities

Key Activities



What Key Activities do our Value Propositions require?
 Our Distribution Channels?
 Customer Relationships?
 Revenue streams?

KEY ACTIVITIES
 Production
 Problem Solving
 Platform/Network

Value Propositions



What value do we deliver to the customer?
 Which one of our customer's problems are we helping to solve?
 Which bundles of products and services are we offering to each Customer Segment?
 Which customer needs are we satisfying?

VALUE PROPOSITIONS
 Reduction
 New Service
 Customization
 "Getting the job done"
 Design Service
 Brand Service
 Price
 Cost Reduction
 Risk Reduction
 Accessible
 Convenience/Usability

Customer Relationships



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?

RELATIONSHIPS
 Personal Assistance
 Individual Personal Assistance
 Self-Service
 Automated Services
 Co-creation
 Co-creation

Customer Segments



For whom are we creating value?
 Who are our most important customers?

MARKET
 Mass Market
 Niche Market
 Segment
 Demographic
 Behavioral
 Benefit-based
 Multi-sided Platform

Key Resources



What Key Resources do our Value Propositions require?
 Our Distribution Channels? Customer Relationships?
 Revenue Streams?

WHY IS THIS ONE PART ESSENTIAL?
 Place of Intellectual/Brand patents, copyrights, data
 Channel
 Platform

Channels



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?

CHANNEL PROSES
 1. Awareness
 2. Evaluation
 3. Purchase
 4. Delivery
 5. After sales

Cost Structure



What are the most important costs inherent in our business model?
 Which Key Resources are most expensive?
 Which Key Activities are most expensive?

WHY IS THIS ONE PART ESSENTIAL?
 Cost Structure dependent on structure, but price value proposition, mechanism, association, customer, outcome/obj
 Value creation (possible in value creation, premium value proposition)

FIXED COSTS/REGULAR COSTS
 Fixed Costs (salaries, rent, utilities)
 Variable Costs
 Economies of scale
 Economies of scope

Revenue Streams



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?

TYPE
 Asset sold
 Usage fee
 Subscription fee
 Licensing/Royalty Licensing
 Advertising
 Risk/reward share
 Advertising

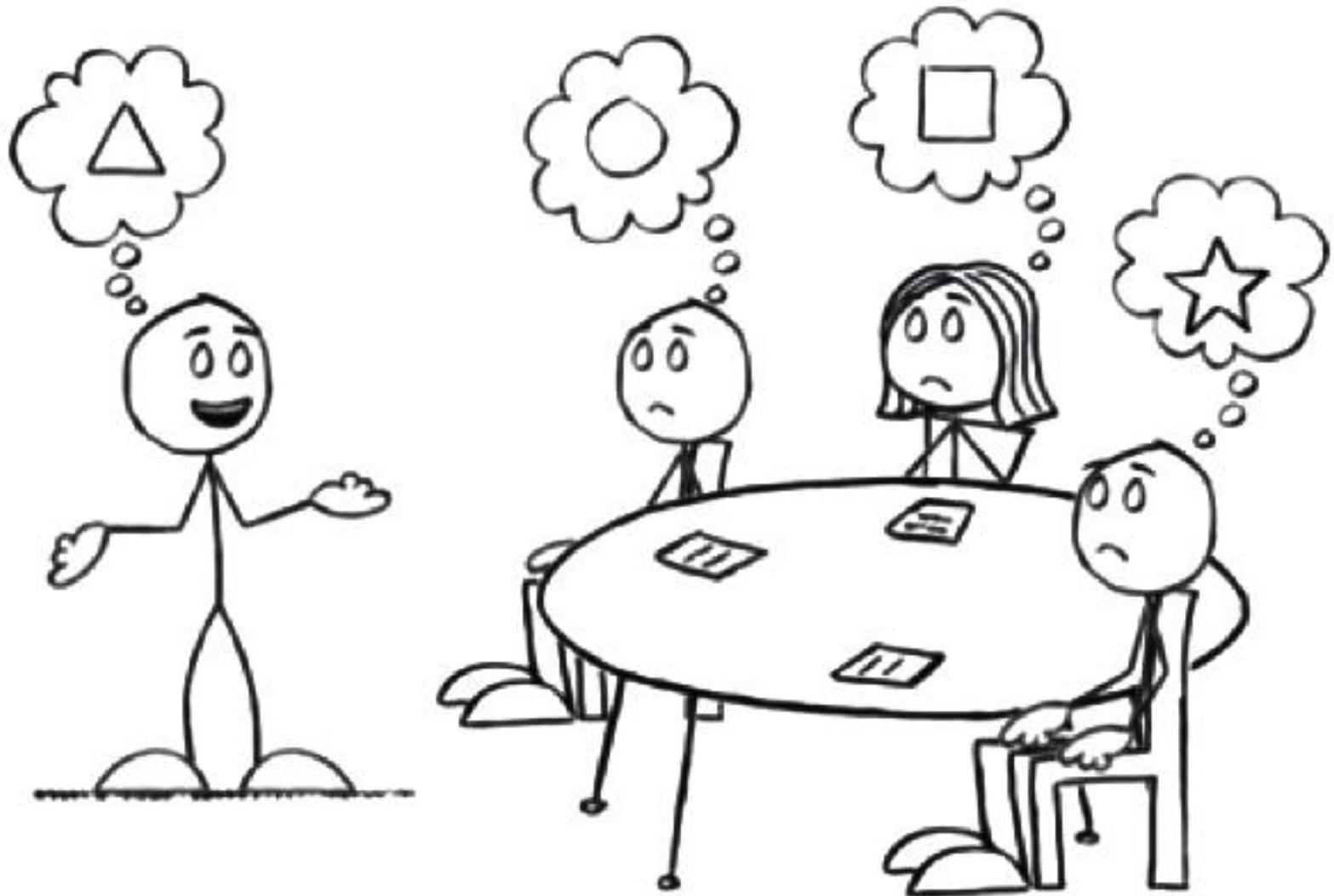
FIXED PRICING
 Flat Price
 Product/Service dependent
 Location dependent/dependent
 Volume dependent

YNAMIC PRICING
 Negotiation/Bartering
 Usage Management
 Real-time Pricing

Business Models

1. Why would someone want to buy something from you?
2. How will you make money selling it?
3. What, exactly, are the important things you need to do to pull off the plan?

Source: Business Model Generation – Alex Osterwalder



Why Use This Tool?

Allows you to think through your business model in a way that:

- Uses a shared language
- Facilitates discussion
- Enables participants to systematically challenge assumptions
- Creates a business model that everyone understands

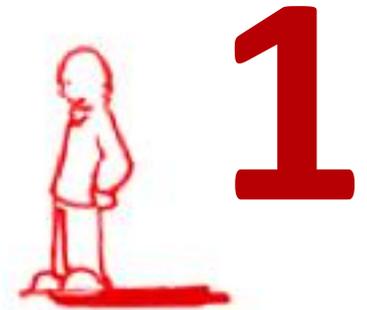
Customer

What is a Customer?

- Groups of people or organisations that you serve
- Often segmented by needs, behaviours or other attributes
- “jobs they need to get done” – Clayton Christensen, Marketing Malpractice – HBR

Could represent

- Mass market, Niche market, Segmented, Diversified
- Multi-sides



Customers*

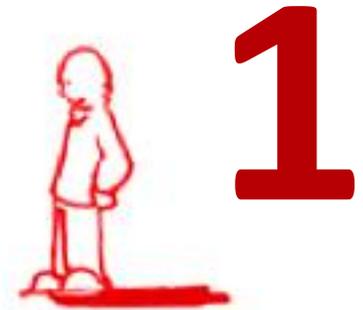
An organization serves
Customers...

Source: Business Model Generation – Alex Osterwalder

Customer

Will have different segments/models if they differ in:

- Needs (value proposition)
- Reached through a different channel
- Different relationships
- Different profitability
- Will pay for different aspects of your offering



Customers*

An organization serves
Customers...

Source: Business Model Generation – Alex Osterwalder

Value Proposition

What is a Value Proposition?

- The considered value for the customer
- How you solve their problem, satisfy their need or enable them to get the job done
- Your unique selling proposition

May be such things as

- Newness, Performance, Customisation, Getting the job done, Design, Price, Brand, Accessibility, Convenience/Usability, Knowledge



Value Provided

...by solving Customer problems or satisfying Customer needs.

Value Proposition



NEED



PROBLEM



**BENEFIT IF
SOLVED**

What do you do better than your competitors?

Channels

What is a Channel?

- How does the company communicates with and reaches the customer to enable a transaction to take place?
- The customer touch point

For example

- Direct or indirect sales force
- Retail or customer stores
- Wholesalers
- Online sales

5 phases of the channel are:

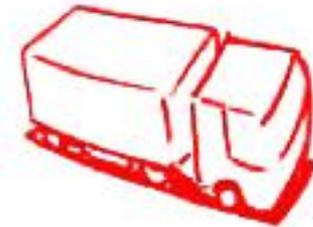
Awareness

Evaluation

Purchase

Deliver

After Sales
Support



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Channels

Organizations communicate and deliver Value in different ways...

Relationships

What are Relationships?

- How the company establishes ongoing customer commitment

The type of relationships may be driven by the strategic position

- eg acquire, retain or upsell to customers

Personal -> Automated

- Personal assistance – human interaction, call centres
- Dedicated personal assistance – matching
- Self service – no direct relationship
- Automated more sophisticated self service
- Communities eg loyalty cards, on line communities (health)
- Co-creation eg Amazon book reviews



Customer Relationships

...and establish and maintain different kinds of relationships with Customers.

Revenue

What is Revenue?

- How do you generate cash from each customer segment?
- How much will the customer be willing to pay?
- Other revenue?
- May be one off per transaction or ongoing
- May be fixed or dynamic (negotiated)

For example

- Asset Sale, Usage Fee, Subscription Fee, Renting/Lending, Licensing, Advertising



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Revenue*

Money comes in
when Customers pay
for Value Provided.

Key Resources

What are Key Resources?

- Most important **assets** to enable the business model to work

Enable the **creation and offering of the value proposition**, reach markets, maintain relationships and earn revenue

Can be owned, leased by the company or acquired by key partners



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Key Resources

These are the assets needed to create and/or deliver the previously described elements.

Key Resources – Four Types

Physical

- Eg Manufacturing facilities, buildings, vehicles, buildings, POS systems, distribution networks, software

Financial

- Eg Cash, lines of credit, stock option pool

Intellectual

- Eg Brands, IP, partnerships, customer databases

Human

- Everyone needs human interaction
- Crucial in knowledge intensive or creative industries eg pharmaceutical



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Key Resources

These are the assets needed to create and/or deliver the previously described elements.

Key Activities

What are Key Activities?

- The most important things a company needs **TO DO** to enable the business model to work, to operate successfully

Allow the **creation and offering** of the value proposition, reach markets, maintain relationships and earn revenue

Three types

Examples

- Microsoft (to develop software)
- Dell (include supply chain management)
- McKinsey (problem solving)



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Key Activities

These are the actual tasks and actions required to create and deliver the previously described elements.

Key Activities: Three Categories

Production

- Designing, making and delivering
- manufacturing firms

Problem Solving

- Coming up with new solutions to solve customer problems
- Consultancies, hospitals, service organisations

Platform/Network

- Relate to platform management, service provisioning and platform promotion
 - Eg eBay (maintain website platform)
 - Visa (maintain transaction platform)



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Key Activities

These are the actual tasks and actions required to create and deliver the previously described elements.

Key Partnerships

What Are Key Relationships?

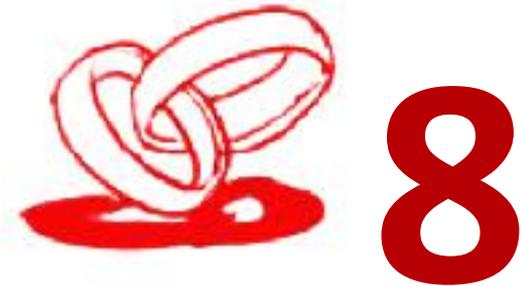
- Description of the network of suppliers and partners that enable the business model to work

Companies Create Relationships to

- Optimise their business model including economy of scale considerations eg buyer-supplier
- Reduce risk eg new market entry
- Acquire resources eg mobile phone networks

Four Types

- Strategic alliance (non competitors)
- Strategic partnerships with competitors
- Joint ventures to develop new businesses
- Buyer-supplier relationships



Key Partners

Some activities are outsourced, and some resources are acquired outside the organization.

What Is Cost Structure?

- Describes all costs incurred to operate the business model

Two Broad Classes

- **Cost Driven** – minimise costs where-ever possible eg low cost airlines
- **Value Driven** – focus is on value creation rather than cost eg personalised services, luxury hotels

May Be

- Fixed costs eg rents, salaries
- Variable costs eg proportional to volume of goods/services produced
- Economies of scale eg lower bulk purchase rates
- Economies of scope eg marketing activities



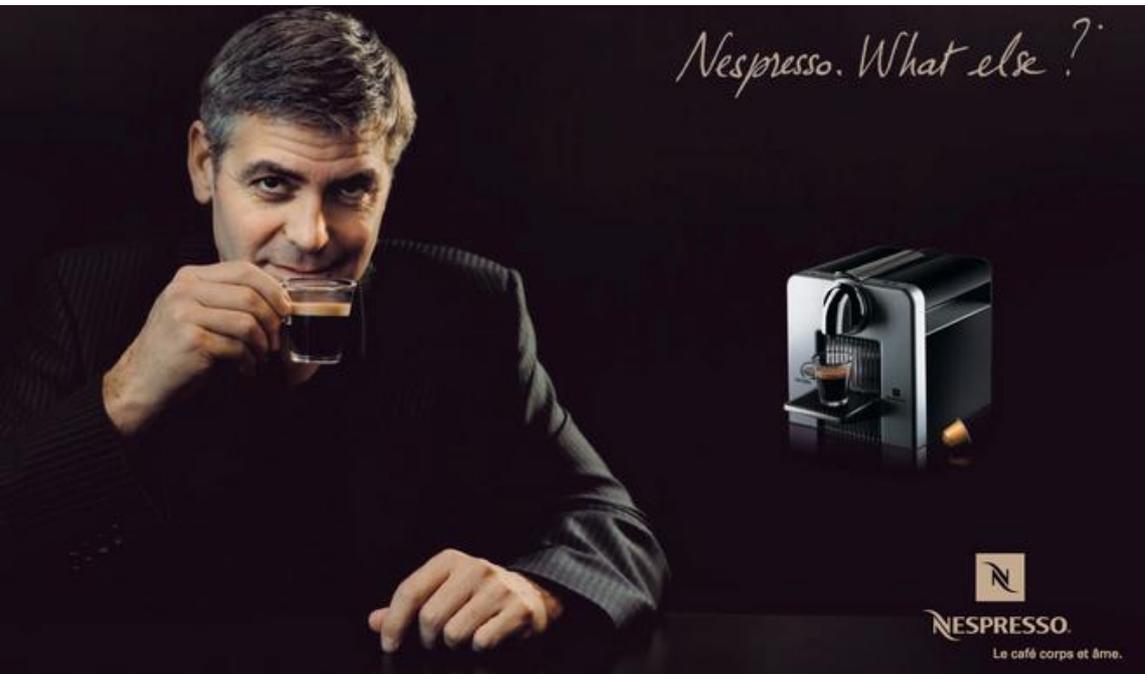
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Costs

These are expenses incurred acquiring Key Resources, performing Key Activities, and working with Key Partners.



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<p>Key Partners</p>  <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>COFFEE MACHINE MANUFACTURERS Packaging Suppliers Farmers</p>	<p>Key Activities</p>  <p>What Key Activities do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue streams?</p> <p>MARKETING PRODUCTION LOGISTICS</p>	<p>Value Propositions</p>  <p>What value do we deliver to the customer? Which one of our customer's problems are we helping to solve? Which bundles of products and services are we offering to each Customer Segment? Which customer needs are we satisfying?</p> <p>HIGH END RESTAURANT QUALITY ESPRESSO AT HOME</p>	<p>Customer Relationships</p>  <p>What type of relationship does each of our Customer Segments expect us to establish and maintain with them? Which ones have we established and maintain? How are they integrated with the rest of our business model? How costly are they?</p> <p>NESPRESSO CLUB</p>	<p>Customer Segments</p>  <p>For whom are we creating value? Who are our most important customers?</p> <p>HOUSEHOLDS OFFICE MARKET</p>
	<p>Key Resources</p>  <p>What Key Resources do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue Streams?</p> <p>DISTRIBUTION CHANNELS PATENTS ON SYSTEM BRAND PRODUCTION PLANTS</p>		<p>Channels</p>  <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 are the most efficient? How are we integrating them with customer routines?</p> <ul style="list-style-type: none"> NESPRESSO.COM NESPRESSO BOUTIQUES CALL CENTRE RETAIL (MACHINES ONLY) MAIL ORDER 	

<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?</p> <p>MANUFACTURING MARKETING DISTRIBUTION & CHANNELS</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? How much does each Revenue Stream contribute to overall revenues?</p> <ul style="list-style-type: none"> MAIN REVENUE – CAPSULES OTHER REVENUE – MACHINES & ACCESSORIES
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