- Customer Segments
- Value Proposition
- Delivery Channels
- Customer Relationships
  - Revenue Streams

- Key Resources
- Key Activities
- Key Partners
  - Cost Structure
Customer Segments
For whom are we creating value?

- Their needs require *justify a distinct offer*
- They are reached via different distribution networks
- The requires different types of relationships
- Different profitability or willing to pay for different aspects of the service
Value Proposition
WHAT VALUE DO WE DELIVER TO CUSTOMERS

- Solve a customer problem or satisfy a customer need.

- Creates value through a distinct mix of elements catering to a need.

- Newness
- Performance
- Customization
- "Getting the job done"
- Design
- Brand/Status

<table>
<thead>
<tr>
<th>Price</th>
<th>Cost Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk Reduction</td>
<td>Accessibility</td>
</tr>
<tr>
<td>Convenience</td>
<td>Usability</td>
</tr>
</tbody>
</table>
CHANNELS
How do our customers want to be reached?

- How do we deliver value?
- How do we communicate & reach our customers?
- What are the touch points?
- Communication, distribution, sales interfaces.
- Awareness
- Evaluation
- Purchase
- Delivery
- After sales
Customer Relationships
**RELATIONSHIPS TO ESTABLISH & MAINTAIN**

- Driven by Acquisition, Retention, or Boosting Sales (Up-selling)

| Self-Service |
| Community |
| Personal Assistance |
| Dedicated Personal Assistance |
| Self Service |

| Automated Service |
| Co-Creation |
REVENUE STREAMS
For what value are they really willing to pay?

- The cash a company generates from each customer segment

- Pricing mechanism: fixed list price, bargaining, auctioning, market dependent, volume dependent or yield management

<table>
<thead>
<tr>
<th>Asset sale</th>
<th>Licensing</th>
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</thead>
<tbody>
<tr>
<td>Usage fee</td>
<td>Brokerage %</td>
</tr>
<tr>
<td>Subscription</td>
<td>Advertising</td>
</tr>
<tr>
<td>Lending/renting/leasing</td>
<td>Fixed vs dynamic</td>
</tr>
</tbody>
</table>
Key Resources
Resources required to deliver value proposition

- To create value, reach markets, build relationships & capture revenue

- Physical assets
- Intellectual
- Human
- Technological
- Financial
Key Activities
Activities Required to Deliver Value Proposition

- To create value, reach markets, build relationships & capture revenue

- Platform / Network - develop & maintain

- Production - design, make & deliver

- Problem Solving - consultancy, services
KEY PARTNERSHIPS
WHO ARE OUR KEY PARTNERS?

- PARTNERS, SUPPLIERS, RESOURCES REQUIRED OR ACTIVITIES PERFORMED

- ALLIANCES TO OPTIMIZE YOUR BUSINESS MODEL, REDUCE RISK OR ACQUIRE RESOURCES

- STRATEGIC BETWEEN NON COMPETITORS
- JOINT VENTURES TO DEVELOP NEW BUSINESSES
- BUYER-SUPPLIER RELATIONSHIPS TO ASSURE RELIABLE SUPPLIES
Cost Structure
Costs inherent in our business model

- Is the business model cost driven or value driven?
- Minimize cost vs premium value prop...

- Fixed costs
- Variable costs
- Economics of scale
- Economics of scope
Business Model Environment

Key Trends

Industry Forces

McArdle Economic Forces

Market Forces
<table>
<thead>
<tr>
<th>Context, Drivers &amp; Constraints</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Key Trends</strong></td>
</tr>
<tr>
<td>Tech, Regulatory, Social</td>
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<tr>
<td>Cultural, Socioeconomic</td>
</tr>
<tr>
<td><strong>Market Forces</strong></td>
</tr>
<tr>
<td>Segments, Needs &amp; Demands</td>
</tr>
<tr>
<td>Switching Costs, Revenue</td>
</tr>
<tr>
<td><strong>Industry Forces</strong></td>
</tr>
<tr>
<td>Supply &amp; Value Chain</td>
</tr>
<tr>
<td>Stakeholders, Incumbents</td>
</tr>
<tr>
<td>Insurgents, Substitute</td>
</tr>
<tr>
<td>Products or Services</td>
</tr>
<tr>
<td><strong>Macro Economic Forces</strong></td>
</tr>
<tr>
<td>Global Market, Capital Markets</td>
</tr>
<tr>
<td>Economic Infrastructure, Commodity</td>
</tr>
<tr>
<td>&amp; Other Resources</td>
</tr>
</tbody>
</table>
Customer Insights

YOU
- What can we sell?
- How do we reach?
- What value do we make money

THEM
- What do they need?
- How can we help?
- What aspirations?
- How do we fit their routines?
- What value will they really pay for?
Build Business Models on Customer Insights

- Shift your perspective from "us" to "them"

- Adopt the customer perspective as a guiding principal informing value prop, channels, relationships & revenue streams
Empathy Map

Think & Feel

Hear

Say & Do

Pain

Gain

See
UNDERSTAND ENVIRONMENT, BEHAVIOUR
CONCERNS & ASPIRATIONS

- **THINK & FEEL** - WHAT REALLY COUNTS = ASPIRATIONS
- **SEE** - ENVIRONMENT, FRIENDS, MARKET OFFERS
- **SAY & DO** - ATTITUDE IN PUBLIC, APPEARANCE, BEHAVIOUR
- **HEAR** - FRIENDS, BOSS, INFLUENCES
- **PAIN** - FEARS, FRUSTRATIONS, OBSTACLES
- **GAIN** - WANTS/NEEDS, SUCCESS, GOALS