

VISUALLY-BASED BUSINESS PLANNING

An Introduction to Business Model Canvas



THE PIKES PEAK SMALL BUSINESS DEVELOPMENT CENTER HAS BEEN DEDICATED TO HELPING EXISTING AND NEW BUSINESSES GROW AND PROSPER FOR MORE THAN 30 YEARS.



**FREE
CONSULTING**



**PRACTICAL
TRAINING**



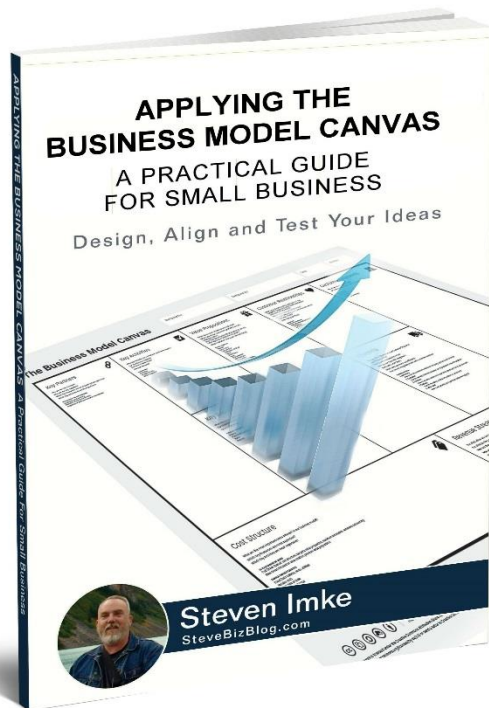
**BUSINESS
RESOURCES**



Funded in part through a cooperative agreement with the U.S. Small Business Administration

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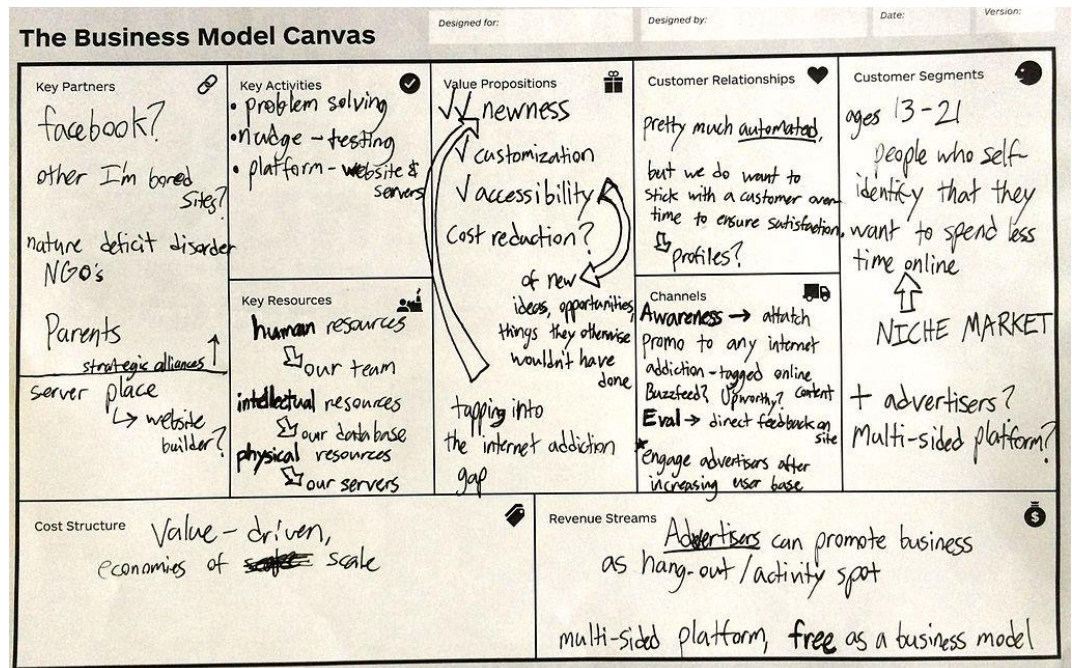
Business Modeling for Business Planning



Agenda:

- Explore The 5 Customer Facing Core Blocks
 - Testing your MVP/Assumptions
 - Go for SCALE?
- Explore 4 Leverage Core Blocks
- Explore 4 Environmental Forces Blocks

The New World



What Changed

Reasoning Skills:

- Causal (General)
- Effectual (Explorer)

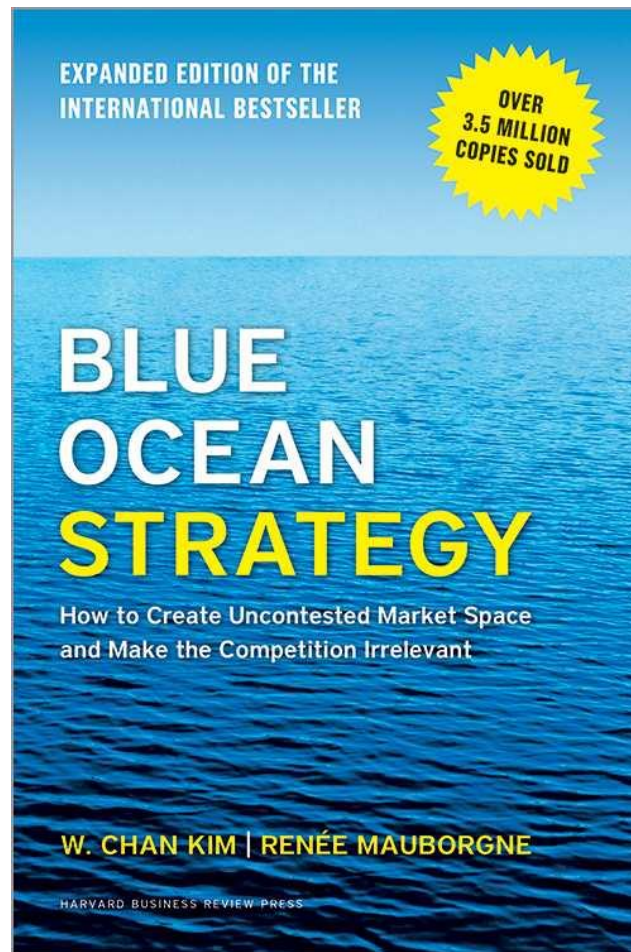
Causal Principles

- Expected Returns
(Best Market)
- Competitive Analysis
- Avoid Surprises
(Predict the Future)

Effectual Principles

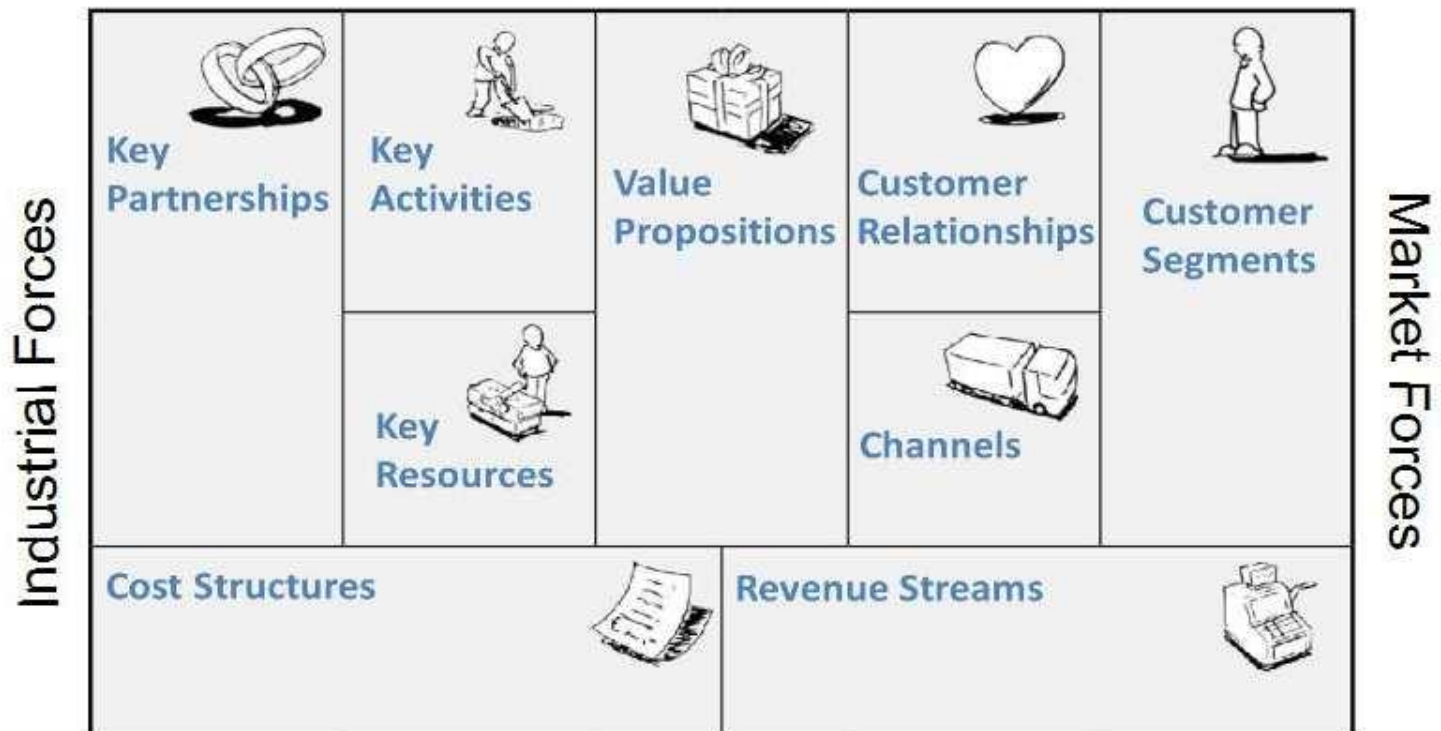
- Affordable Loss
(Minimal Resources)
- Strategic Partnerships
- Leverage Contingencies
(Shape the Future)

Mass Market -> Niche Markets



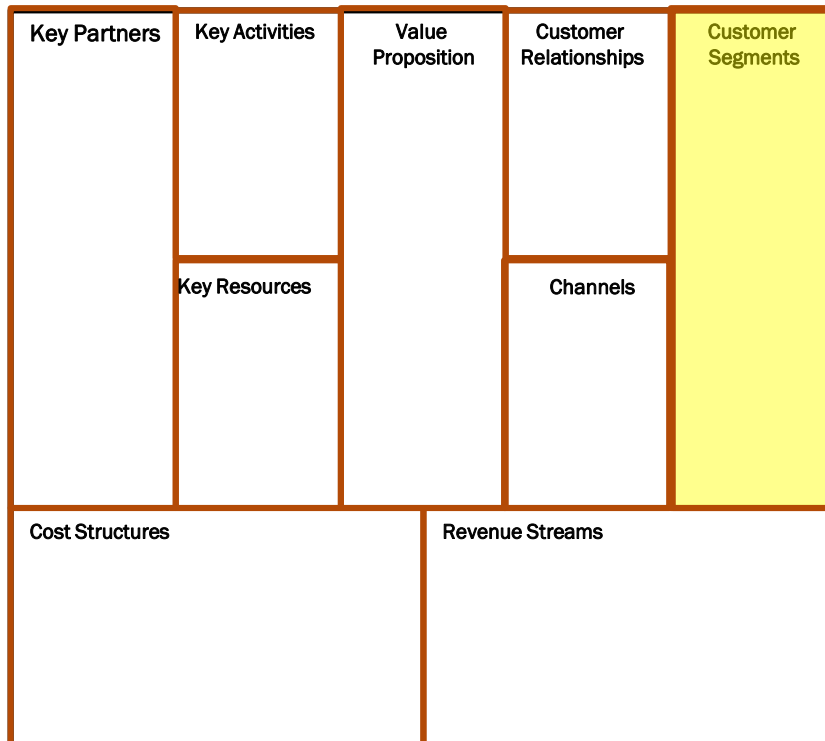
Business Model Canvas

Key Trends



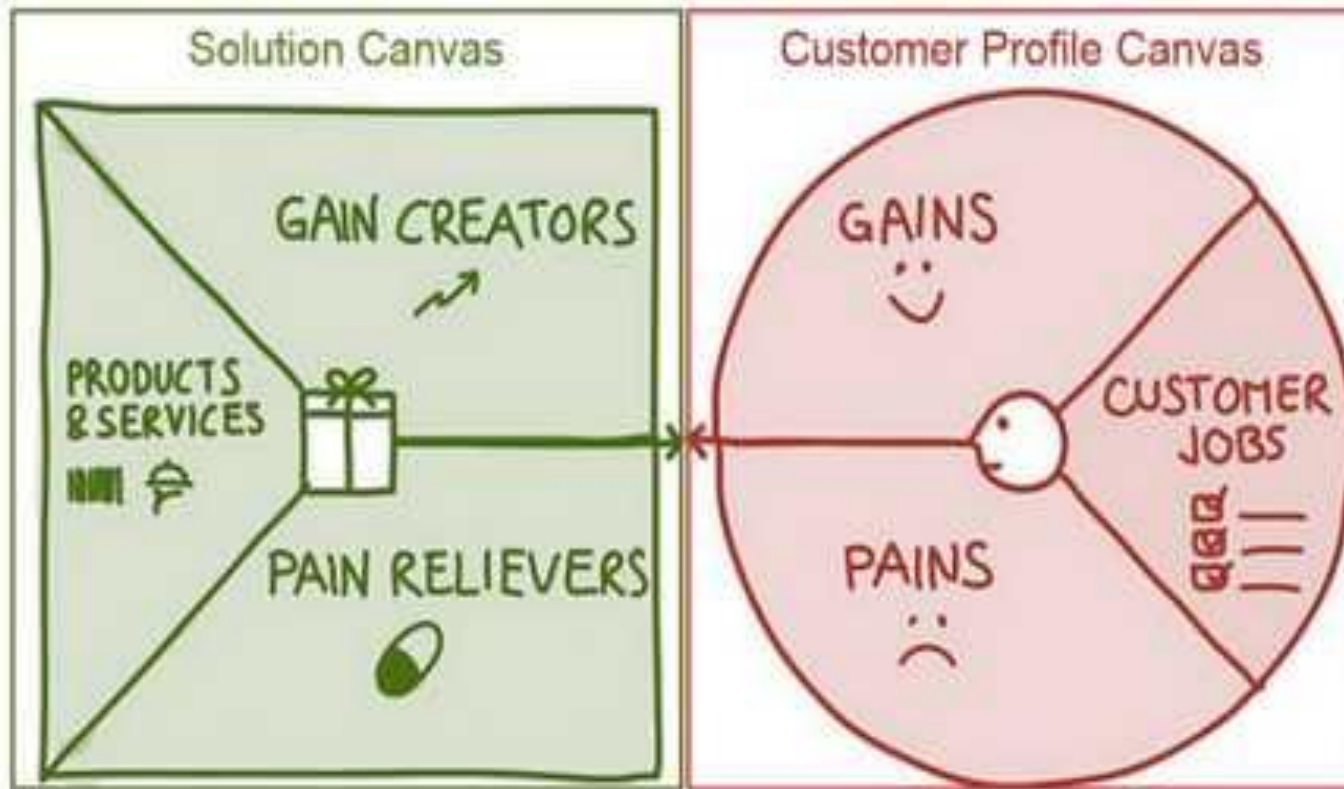
Macroeconomic Forces

Customer Segment



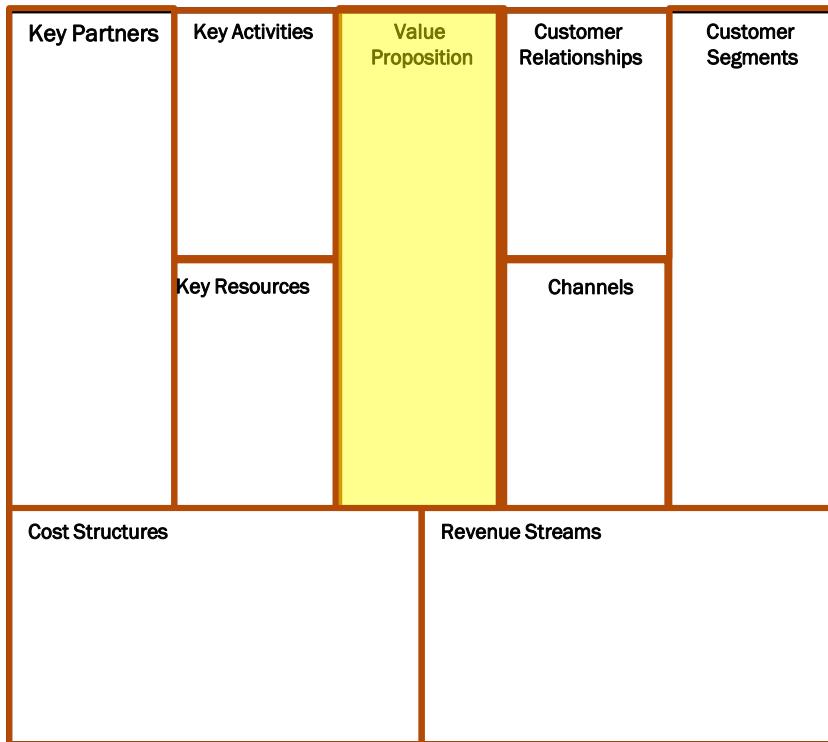
- ∞ Mass Market – Blu-ray
- ∞ Niche Market – Nike Jogging /Fred Bear
- ∞ Segmented – Private Banking
- ∞ Diversified – GM Robots
- ∞ Multi-Sided – eBay

Value Proposition Canvas



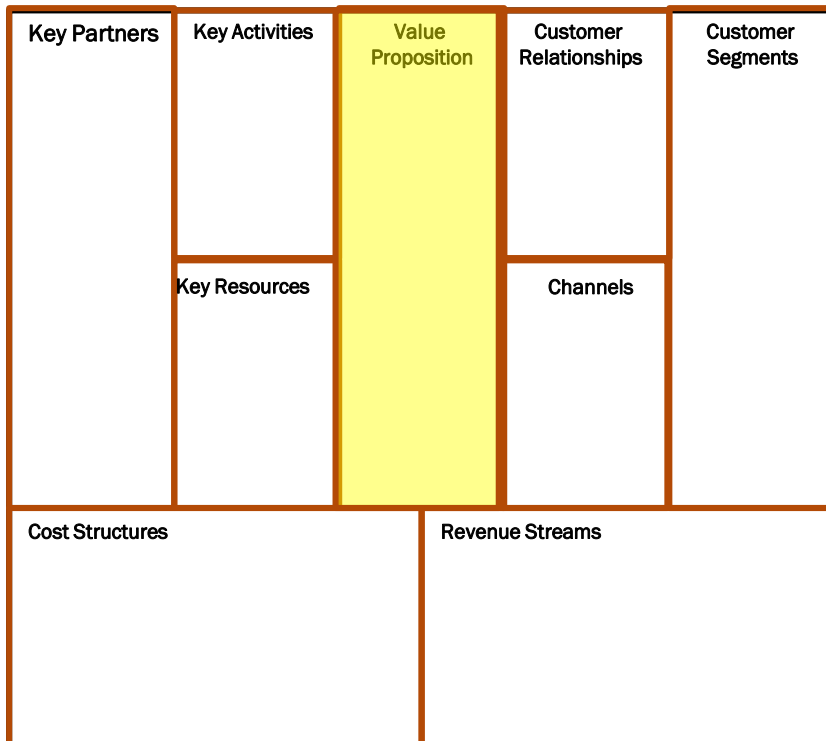
Test your assumptions

Value Proposition



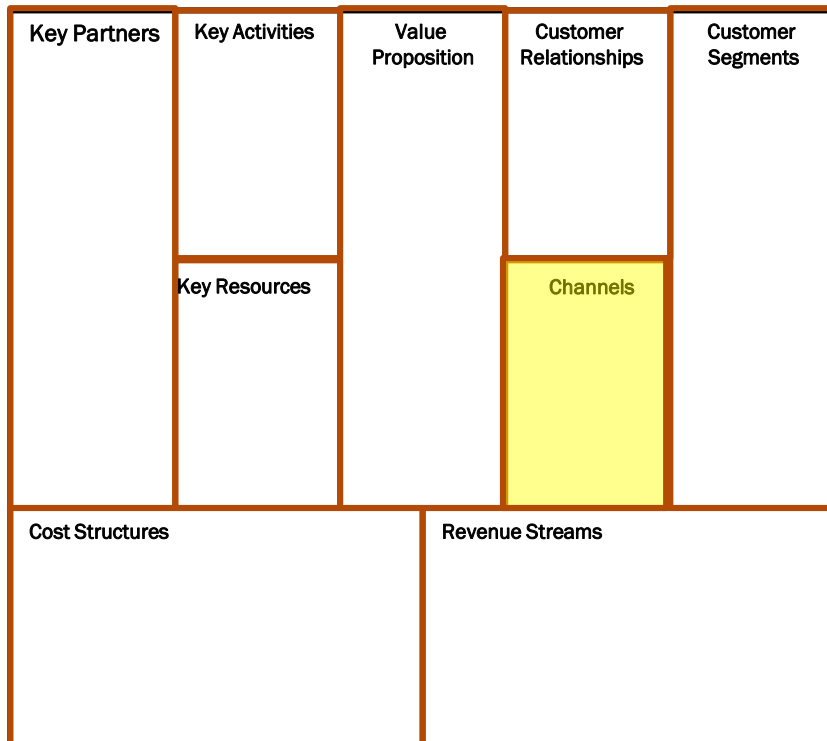
- ∞ New – Invisible Fence
- ∞ Better Performance – PC/Car
- ∞ Customized Solution - Software
- ∞ Get Job Done - Condo
- ∞ Design – Dyson
- ∞ Brand/Status – Escalade/Tahoe

Value Proposition (Continued)



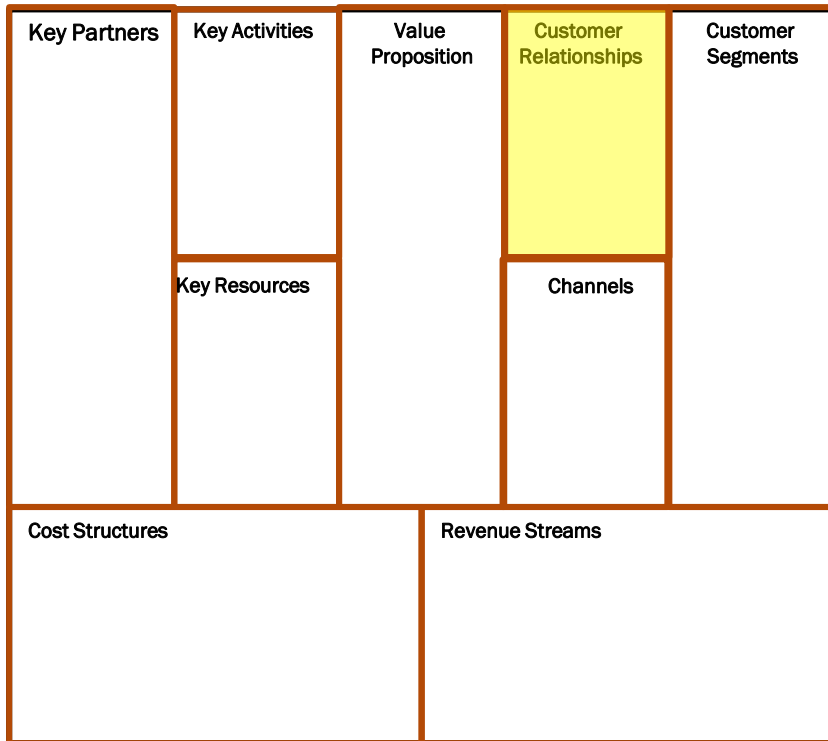
- Price – Southwest Airlines / Romain Jerome Watch
- Cost Reduction - SaaS
- Risk Reduction - Warranty
- Accessibility – Time Share
- Convenience/Usability – iPod/iTunes

Channels



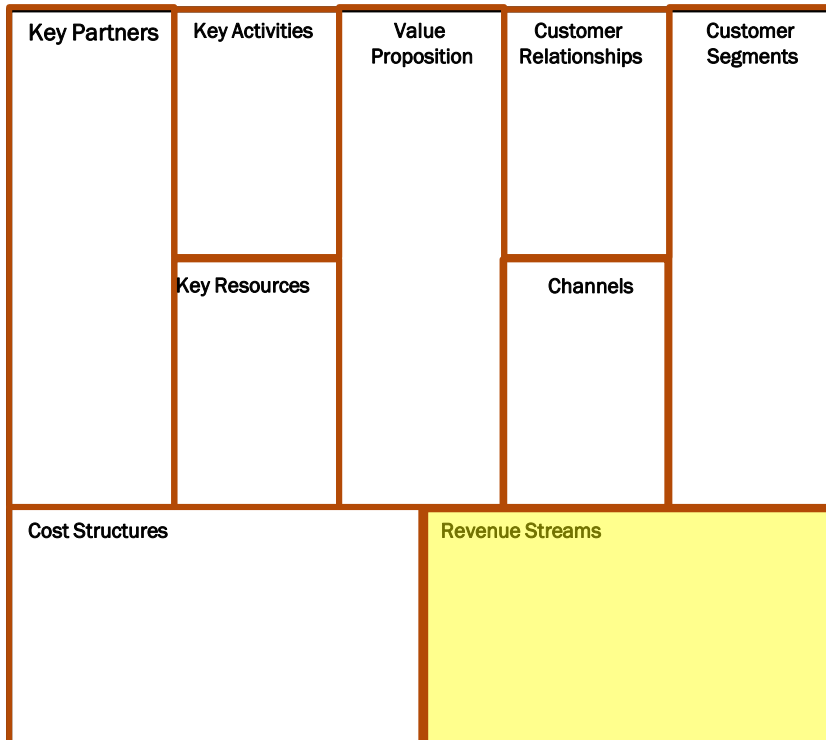
- ∞ Awareness - Promote
- ∞ Evaluate - Free Trial
- ∞ Purchase - Customer Relationship
- ∞ Deliver - Hours
- ∞ Support - Returns/Q&A

Customer Relationships



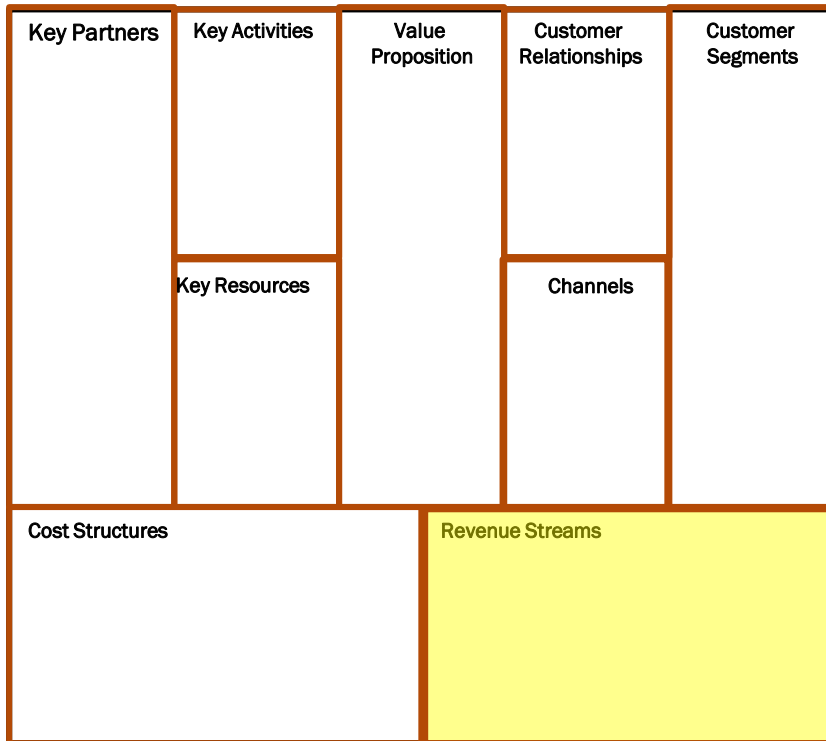
- ∞ Face to Face
 - Personal Assistant
 - Car/Home
 - Dedicated Assistant
 - Private Banking
- ∞ Phone – Zappos
- ∞ Automated System – Dell
- ∞ Self-Service – Walmart
- ∞ Communities – Reddit
- ∞ Co-Creation – YouTube

Revenue Steams



- ☞ Transactional – Once
 - Asset Sale – Car (You own it, do what you want)
 - Brokerage Fee – Real Estate (Not Owned/Transaction)
- ☞ Recurring – Ongoing
 - Usage Fee – ATM (Pay by amount used)
 - Subscription Fees – Netflix (All you can eat)
- ☞ Both
 - Lending/Renting/Leasing – Car Rental (Exclusive temp use)
 - Licensing – Patent (3rd party generate revenue)
 - Advertising – (Present message to 3rd party)

Revenue Streams



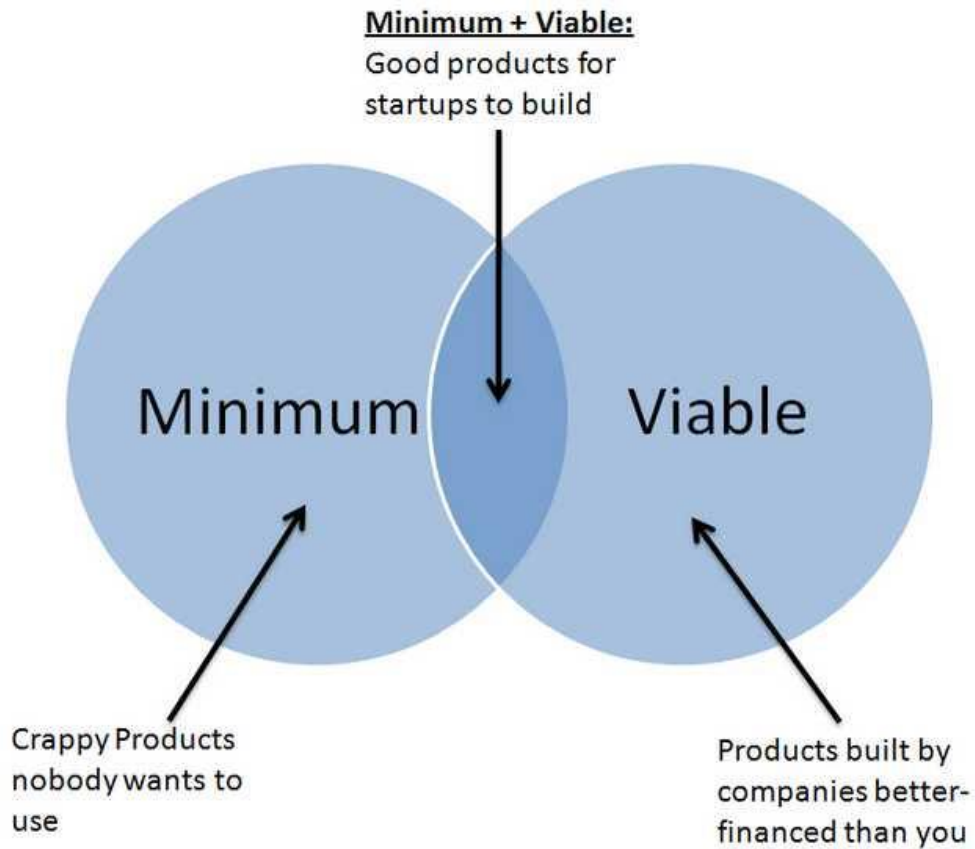
Fixed Pricing

- List Price – Restaurant Menu
- Product Feature Dependent – USDA Grading/Stateroom
- Customer Segment Dependent – Veteran/Senior
- Volume Dependent – VistaPrint Business cards

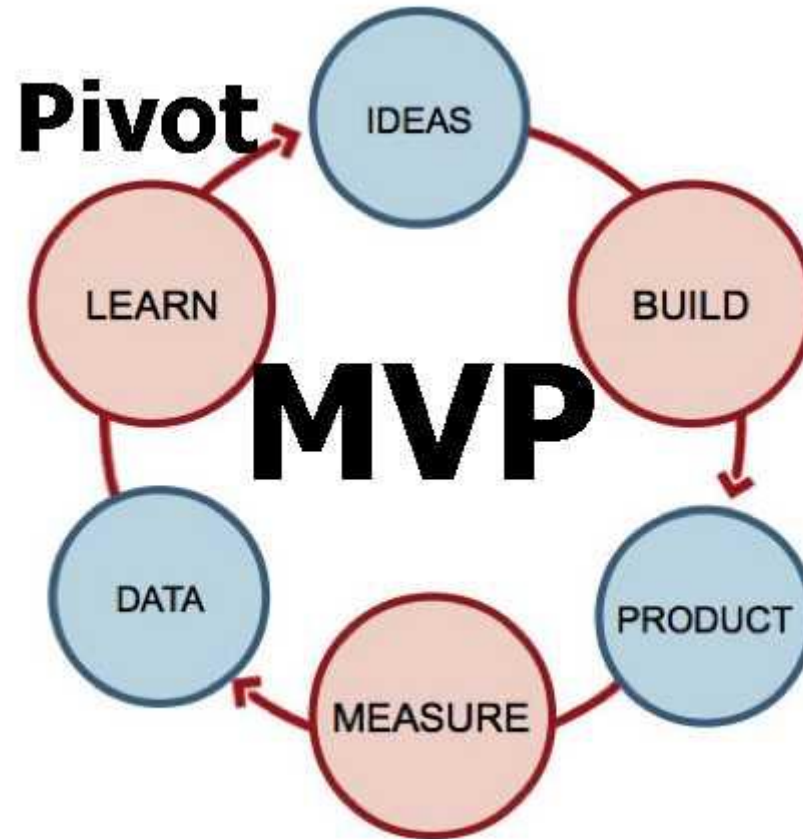
Dynamic Pricing

- Negotiated Pricing – Auto Purchase
- Yield Management – Airline Pricing
- Real-Time Market – Stock Price/Commodities, Oil
- Auction - eBay

Test With MVP



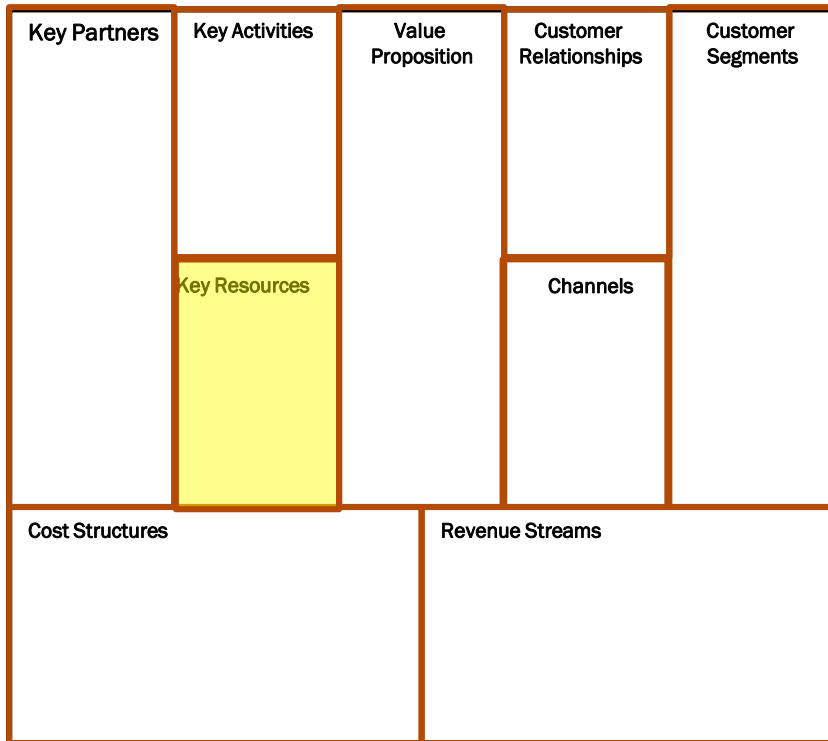
Test Your Assumptions



Go For Scale

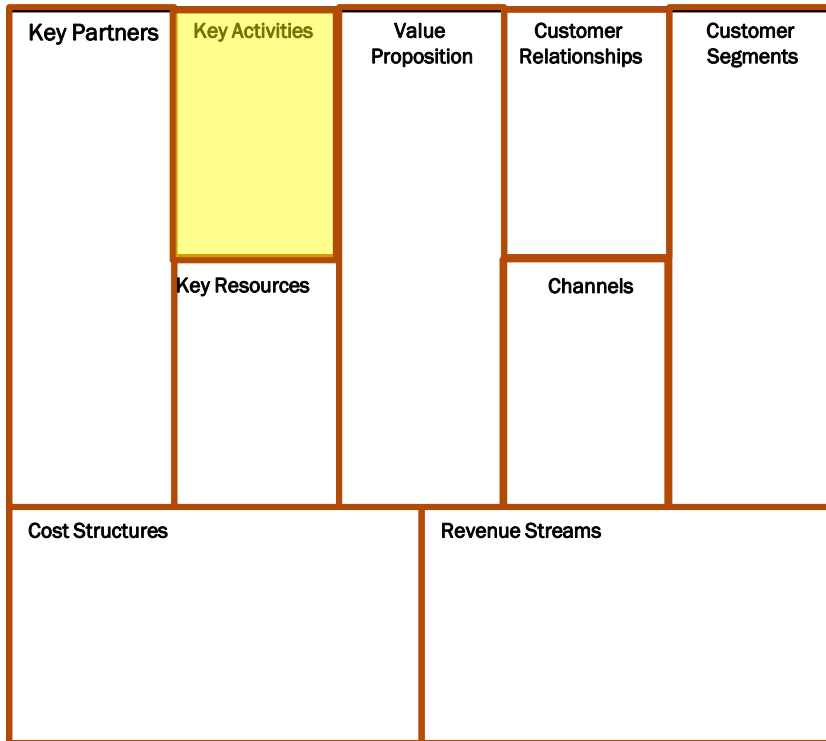


Key Resources



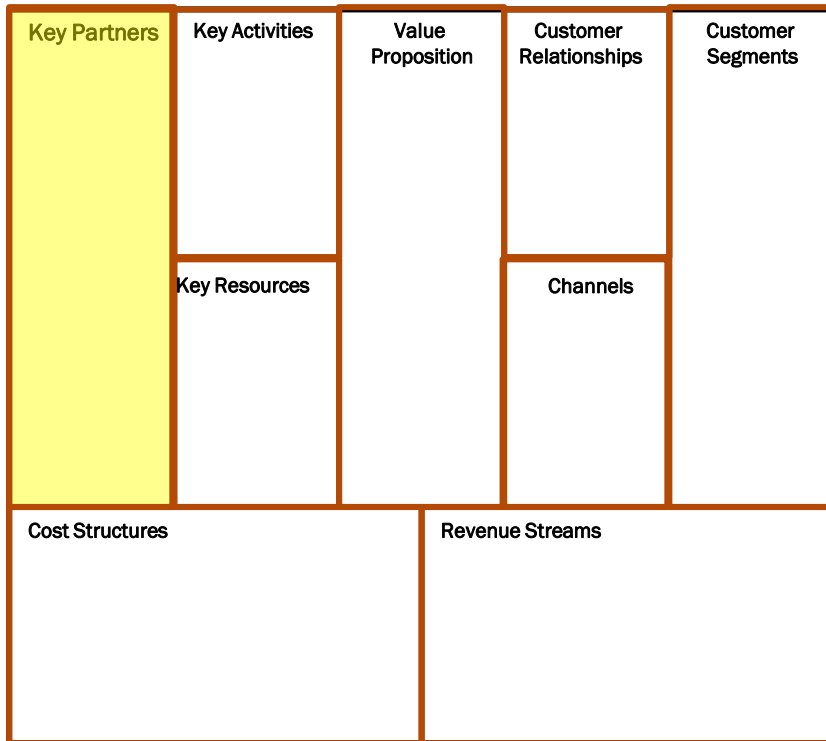
- Physical Resources - Walmart
 - Buildings, Vehicles, Machines, Distribution Networks
- Intellectual Resources - Apple
 - Brands, Patents, Customer Database
- Human Resources - Roche Pharm
 - Skilled labor force
- Financial Resources - Verizon
 - Deep financial resources

Key Activities



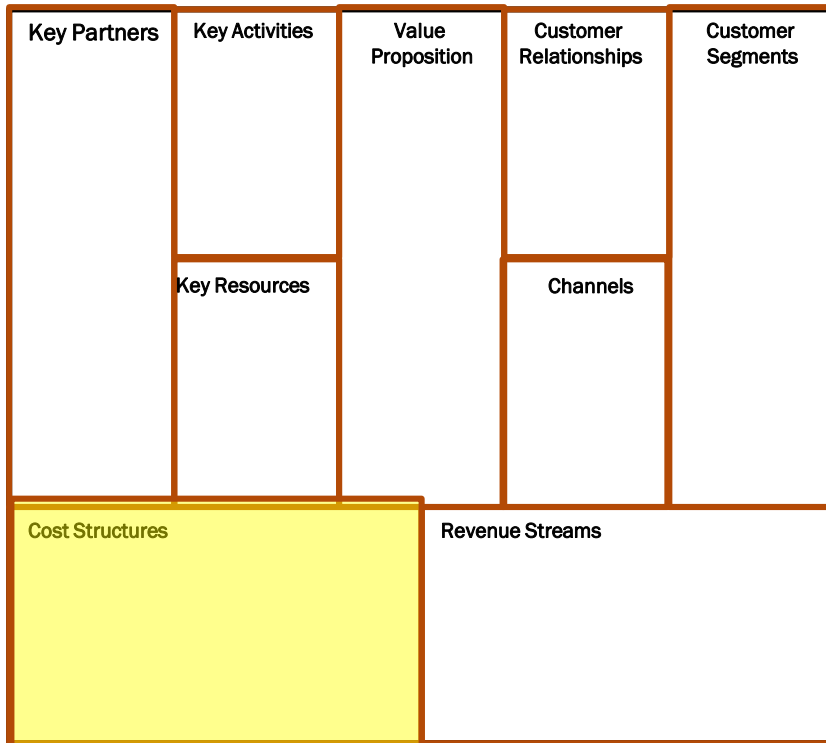
- Operations
- Marketing
- Sales
- Customer Support
- Production
- Problem Solving
- Administration
- Research & Development

Key Partners



- ∞ Suppliers - Commodity
- ∞ Partners – Vested Interest
 - Optimize expenses – Dirt work
 - Mitigate risk – Fannie Mae
 - Unique – Dodge/Cummins

Cost Structures



Cost Driven – Walmart

- Automation
- Outsourcing

Value Driven – Rolex

- Customer Intimacy
- Premium Products

Leverage Based on:

- Key Resources
- Key Activities
- Key Partners

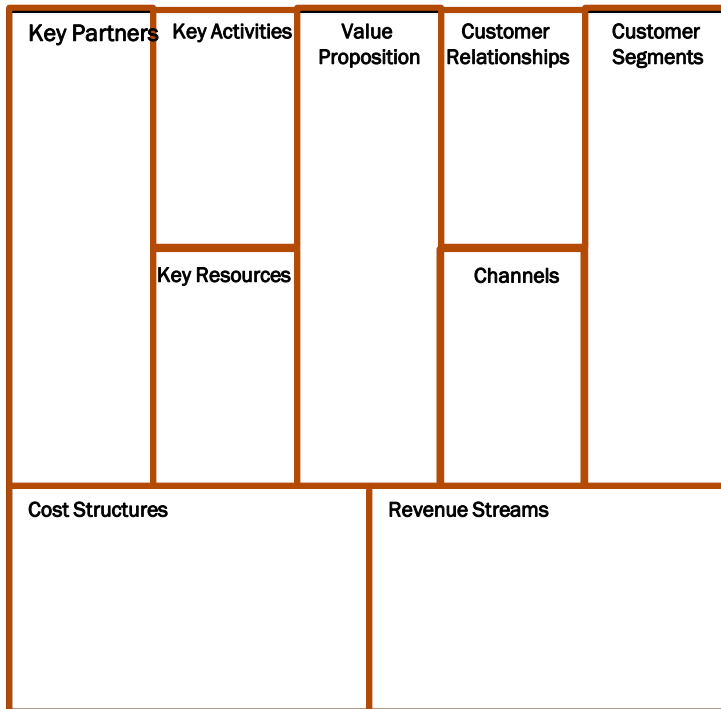
Environmental Forces

Key Trends



Macroeconomic Forces

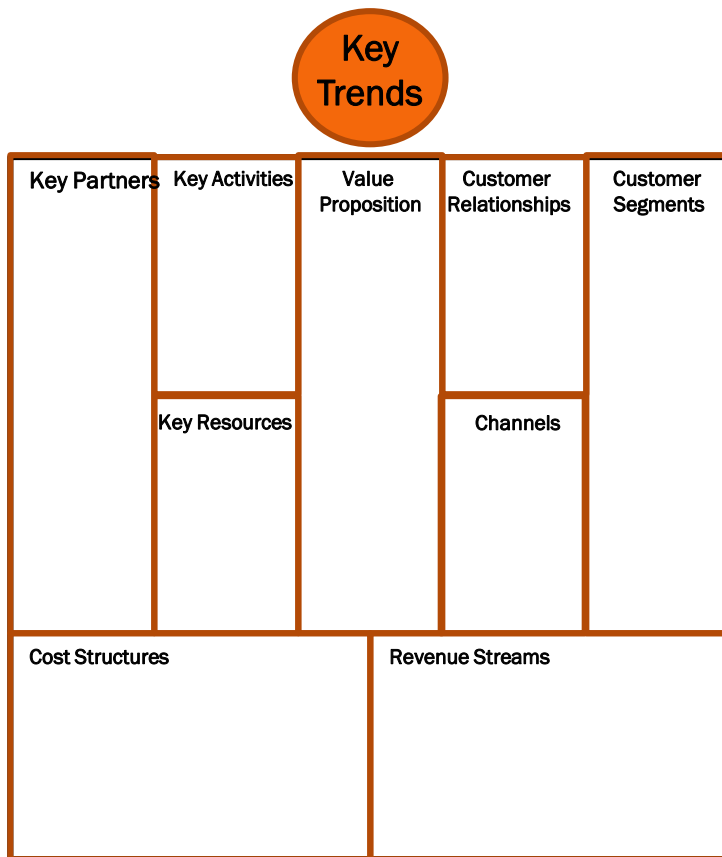
Market Forces



Market Forces

- Market Issues
 - Fads - Cupcakes
- Market Segment
 - Demographic/Psychographic
 - Grow/Shrink
- Need & Demands
 - Unsatisfied - ZipCar
- Switching Costs
 - Painful - Apple
 - Substitutes?
- Revenue Attractiveness
 - Largest Margins
 - Price Sensitivity

Key Trends



Technology

- Autonomous Vehicles
- Drones
- Internet

Regulatory

- Import/Export Fees (Steel)
- Taxes
- Incentives - Solar

Social & Cultural

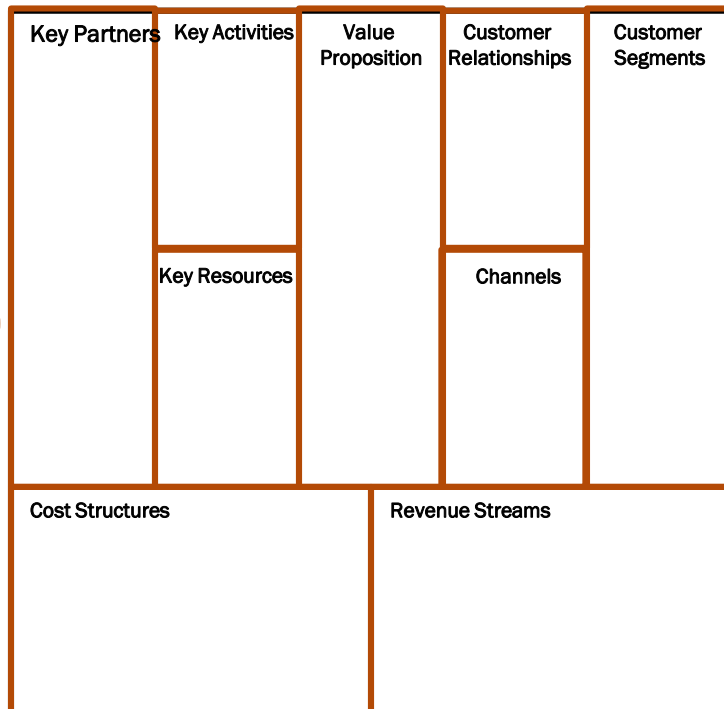
- Wealth Distribution
- Discretionary Income
- Demand Curves

Socioeconomic

- Marriage
- Living Arrangements
- Race Density

Industry Forces

Industry Forces



Competitors

- Key Competitors – Grow/Fade
- Dominant Competitors
- You Competitive Advantage
- Cost Structures

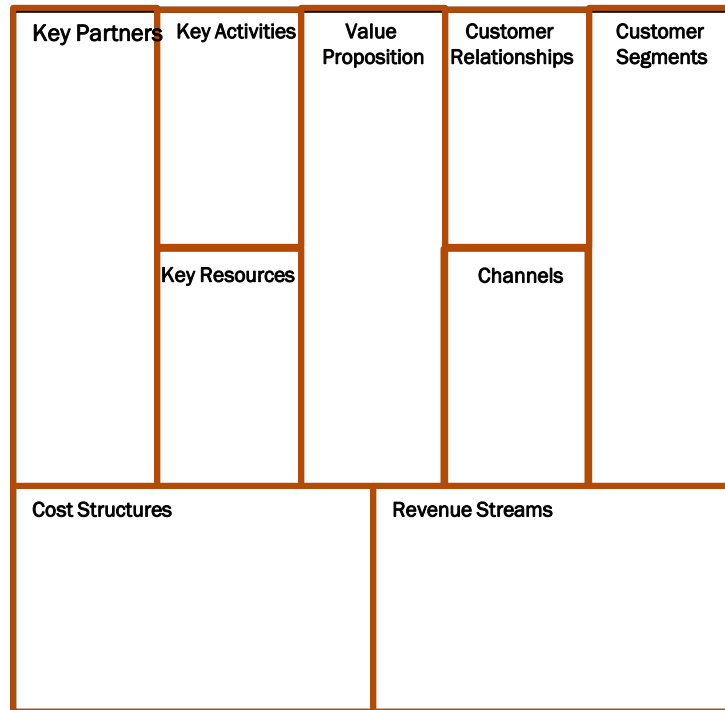
New Entrants

- Value Chain Expansion
- Barriers
- Value Proposition

Substitute Products/Service

- Replacement Products/Service
- Cost vs Yours
- Easiness to Switch

Macroeconomic Forces



Macroeconomic Forces

- Market Conditions
 - Boom/Bust Cycle
 - Global/Local Economies
 - Unemployment
- Capital Markets
 - Debt Capital - Loan
 - Risk Capital - Investors
 - Cost of Funds - Rates
- Commodities & Other Resources
 - Cost of: Oil, Labor, Raw Materials
 - Easy/Hard to Obtain
 - Cost Direction
- Economic Infrastructure
 - Transportation, Trade, Talent
 - Income/Sales Tax Rates
 - Public Services
 - Quality of Life

11 Common Business Models

- ☞ Individualized Solutions
 - Most Service - Specific Solutions
- ☞ Multi-Component
 - Pepsi – Consumer/Restaurant
- ☞ Market Leader
 - Microsoft
- ☞ Valuable Component
 - B2B Partner - Incorporated
- ☞ Monopolistic
 - De Beers/Standard Oil
- ☞ Propitiatory Supplies
 - Keurig/iTunes
- ☞ Freemium
 - Password Keeper - Upgrade
- ☞ Eyeballs
 - Facebook - Ads
- ☞ Virtual Goods
 - eBooks - RefUSA
- ☞ Craftsman
 - High Quality - Pricy
- ☞ Handmade
 - Lower Quality – Low Cost

Comprehensive Picture

Key Trends



Macroeconomic Forces

The End

