Business Model Generation & Value Proposition

Workshop for “Entrepreneurs” and “Intrepreneurs”

Handout Notes

Presented by: Cheenu Srinivasan
Sydney
The Business Model: Basic Blocks

A Business Model describes the way you intend to make money by creating value and is made up of these basic building blocks.

The Business Model: Context, Drivers and Constraints

- Foresight
  - Key Trends
  - Industry Forces
  - Macro Economic Forces
  - Competitive Analysis
  - Market Analysis

- Macro Economics
## Business Model Generation

1. **What is the Relationship with the customer segments?**
2. **What are the Distribution channels?**
3. **What are the sources of revenue?**
4. **What is The Value Proposition to each market segment?**
5. **What should be our Cost Structure to make above current industry level margins?**
6. **What resources do we require to deliver the customer Value Proposition?**
7. **What activities are we going to perform?**
8. **Whom should we partner with?**
9. **Which market segment are we targeting?**

Bangladesh: Providing an intermediary a loan to buy a phone and re-sell call services to villagers

**PARTNERS**
- Grameen Bank
- Telenor

**KEY ACTIVITIES**
- Network Management
- Mobile Connectivity
- License
- Income Opportunity

**VALUE PROPOSITION**

**CUSTOMER RELATIONSHIP**
- In person

**CUSTOMER SEGMENTS**
- Villagers
- Phone Ladies

**DISTRIBUTION CHANNELS**
- Grameen Bank Branches

**COST STRUCTURE**
- Network Management

**REVENUE STREAMS**
- Communication Revenues

**KEY RESOURCES**
- Networks

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### Business Model Canvas

<table>
<thead>
<tr>
<th><strong>PARTNERS</strong></th>
<th><strong>KEY ACTIVITIES</strong></th>
<th><strong>VALUE PROPOSITION</strong></th>
<th><strong>CUSTOMER RELATIONSHIP</strong></th>
<th><strong>CUSTOMER SEGMENTS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Care Giving Institutions across India</td>
<td>Maintain Website Email, Phone</td>
<td>Not-for-profit India focussed organization</td>
<td>Personal, Email, Phone Letters, Contracts</td>
<td>Care Giving Institutions across India</td>
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<tr>
<td></td>
<td>Project Proposals &amp; Governance</td>
<td>Funding infrastructure projects for the needy</td>
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<td></td>
<td>Run programs &amp; Fund Raising Events</td>
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<tr>
<td><strong>KEY RESOURCES</strong></td>
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<td>Board of Volunteers</td>
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<td>Business Community</td>
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<tr>
<td>Volunteers</td>
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<tr>
<td>Website</td>
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<tr>
<td><strong>COST STRUCTURE</strong></td>
<td></td>
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<tr>
<td>(Social/Environmental Costs)</td>
<td>Public Indemnity Insurance Regulatory Compliance Venue Hire, Program Costs</td>
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<tr>
<td><strong>REVENUE STREAMS</strong></td>
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<tr>
<td>(Social/Environmental Benefits)</td>
<td>Caring for the needy and poor</td>
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<tr>
<td>Corporate Sponsors</td>
<td>Bequest &amp; Wills</td>
<td>Program Tickets</td>
<td>Git Vouchers</td>
<td>Donors, Advertisers</td>
</tr>
</tbody>
</table>

Kidney Foundation Business Model Canvas

PARTNERS
- Hospitals
- Community Clinics
- Governments
- Health Industry
- Health Professionals & Community

KEY ACTIVITIES
- Maintain Website
- Help Hotline
- Run programs & Fund Raising Events

VALUE PROPOSITION
- Kidney Disease Prevention
- Kidney Disease Detection
- Treatment & Transplants
- An aware and healthy community

COST STRUCTURE
- (Social/Environmental Costs)
- Staff and Admin Costs
- Capital programs

REVENUE STREAMS
- (Social/Environmental Benefits)
- Corporate Sponsors
- Bequest & Wills
- Community Events & Advertisers

CUSTOMER RELATIONSHIP
- Personal, Email, Phone
- Telemedicine

CUSTOMER SEGMENTS
- Health Professionals
- Patients
- Community

Mars Hill Café: providing great coffee in your second lounge room outside home!

<table>
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<th>CUSTOMER RELATIONSHIP</th>
<th>CUSTOMER SEGMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parramatta City Council</td>
<td>Coffee / Food Preparation Venue / Event Mgt</td>
<td>A bohemian atmosphere</td>
<td>In person at Cafe or Kiosk</td>
<td>Discerning Coffee Drinkers</td>
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<tr>
<td>Migrant Resource Centre</td>
<td>Training of Volunteers and Baristas</td>
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<td>Local Small Business Suppliers</td>
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<td>Music Bands, Poets Artists</td>
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<td>Rugby League/ Eels Sports Club</td>
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<td></td>
<td>Coffee M/c Coffee Van Commercial Kitchen</td>
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<td>Church Street Parramatta</td>
<td>Second Lounge Seekers</td>
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<tr>
<td></td>
<td>Trained Staff Barista Training Program</td>
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<td>Choice of Spaces</td>
<td>Casual Visitors</td>
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<tr>
<td></td>
<td>Spaces</td>
<td>With second lounge experience of home!</td>
<td>Mobile Coffee and Kiosks</td>
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<table>
<thead>
<tr>
<th>KEY RESOURCES</th>
<th>DISTRIBUTION CHANNELS</th>
<th>REVENUE STREAMS (Social/Environmental Benefits)</th>
<th>COST STRUCTURE (Social/Environmental Costs)</th>
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<tbody>
<tr>
<td></td>
<td>Coffee / Food and Light Food Preparation</td>
<td>Govt. Grants / Sponsors, Venue Hire, Barista Training</td>
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<td>Vibrant Community</td>
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Key elements of Value Proposition

**PROMISE**
- Functional
- Economic
- Emotional

**DIFFERENTIATION**
- Competing Alternatives
- Status Quo
- Current Product

**SUPPORT**
- Infrastructure
- Testimonials
- 3rd Party Certification
The Teeter-Totter Model

Source: Design your Value Proposition www.iCanPilot.com
How would your customer perceive your Value Proposition?

Value Proposition is just Marginal?

Value Proposition is reasonably good?

Value Proposition is simply exceptional!
Where to from here?

1. Develop 4-5 Business Models for your business
2. Evaluate these options against a criteria for selection
3. Develop your Value Proposition backed by field research
4. Craft your Teeter-Totter Model
5. Field test with real customers
6. Draft Business Plan for chosen Business Model
7. Launch Pilot and test metrics
8. Validate your Business Model and then Business Plan
Resources
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