Business Model Innovation

Key Partners

Key Activities

Value Proposition

Customer Relationships

Customers

Key Resources

Costs

Channels
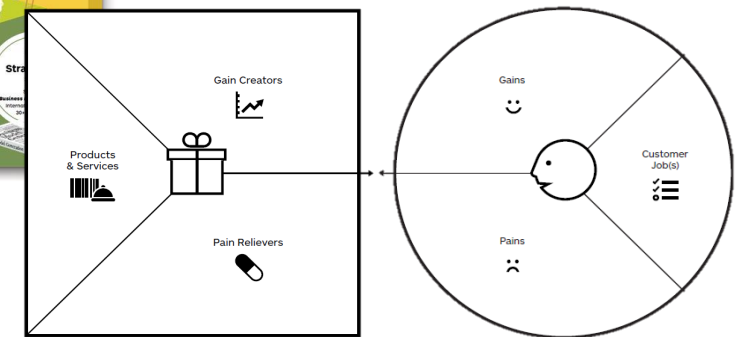
Revenue
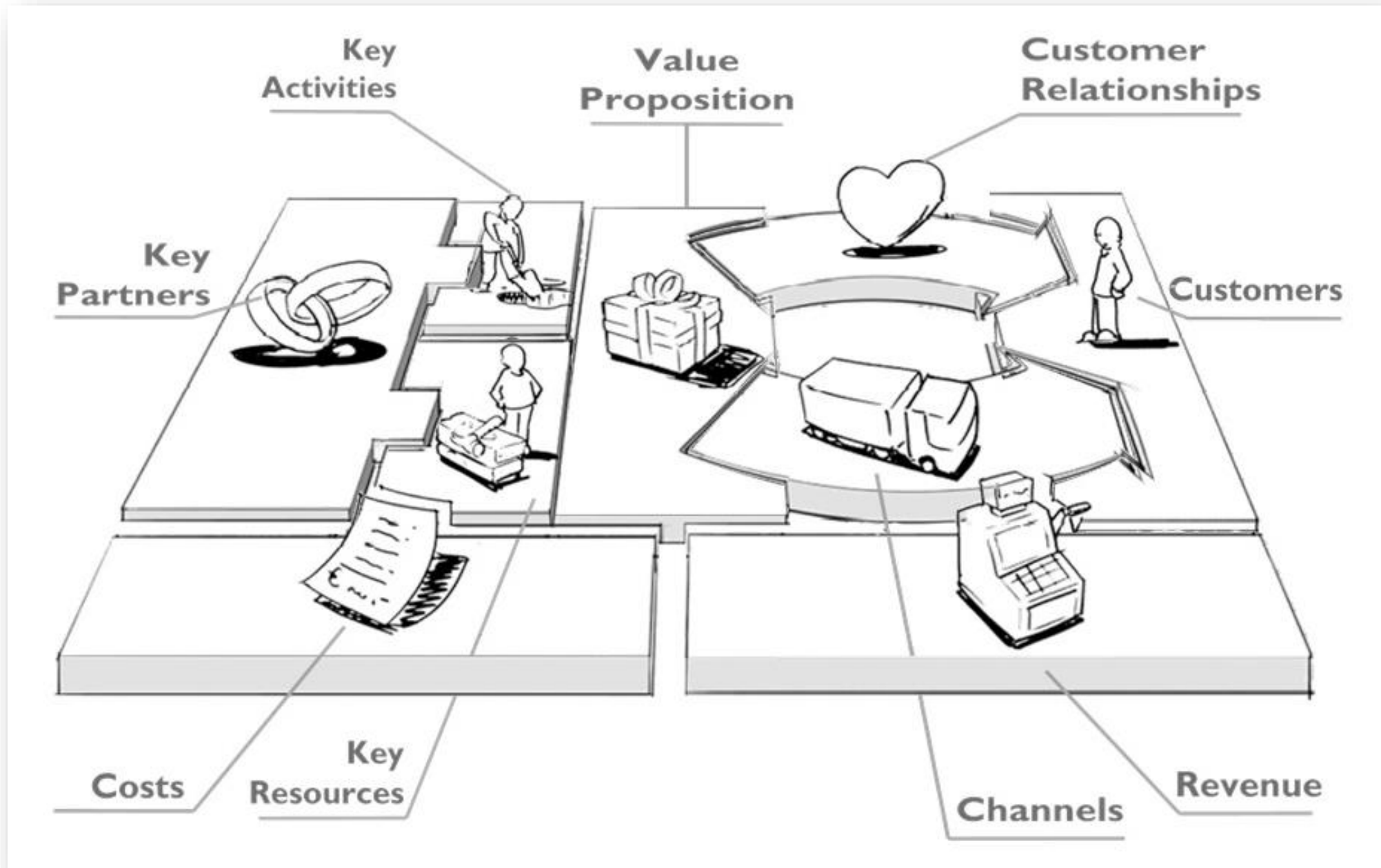
Why use Strategyzer?

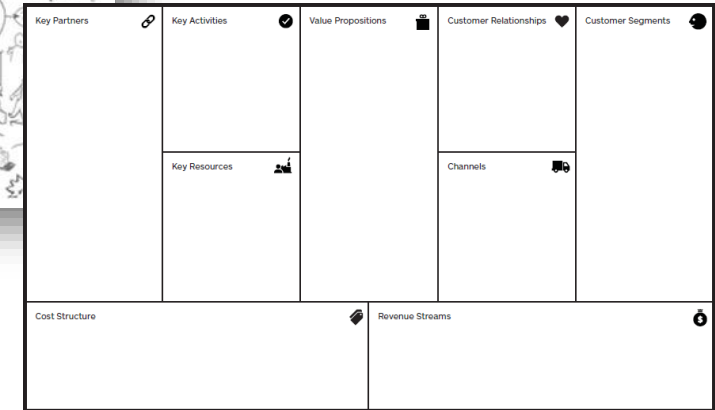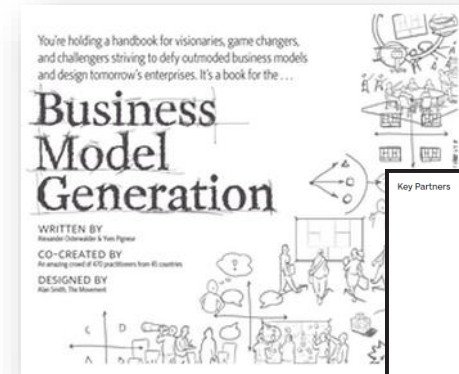- New Product Launches
- Competitive Analysis
- Value Proposition
- Segmentation
- Many other applications...

Strategyzer Structure
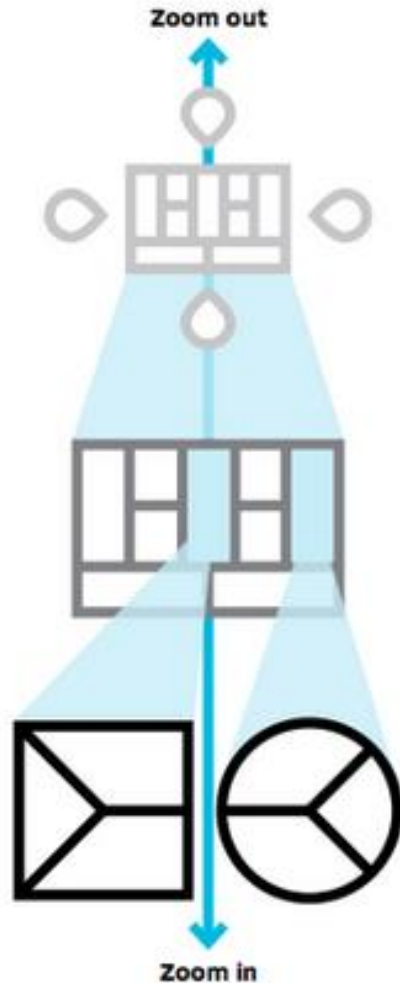
Zoom out

The **Environment Map** helps you *understand the context in which you create.*

The **Business Model Canvas** helps you *create value for your business.*

The **Value Proposition Canvas** helps you *create value for your customer.*

Zoom in

1) Environment Map

Key Trends
- Technology Trends
- Regulatory Trends
- Societal & Cultural Trends
- Socioeconomic Trends

Industry Forces
- Competitors (Incumbents)
- New entrants (Insurgents)
- Substitute Products & Services
- Stakeholders
- Suppliers & other Value Chain Actors

Market Forces
- Market Issues
- Market Segments
- Needs & Demands
- Switching Costs
- Revenue Attractiveness

Macro Economic Forces
- Global Market Conditions
- Capital Markets
- Commodities and Other Resources
- Economic Infrastructure

4

2) Business Model Canvas

3) Value Proposition Canvas
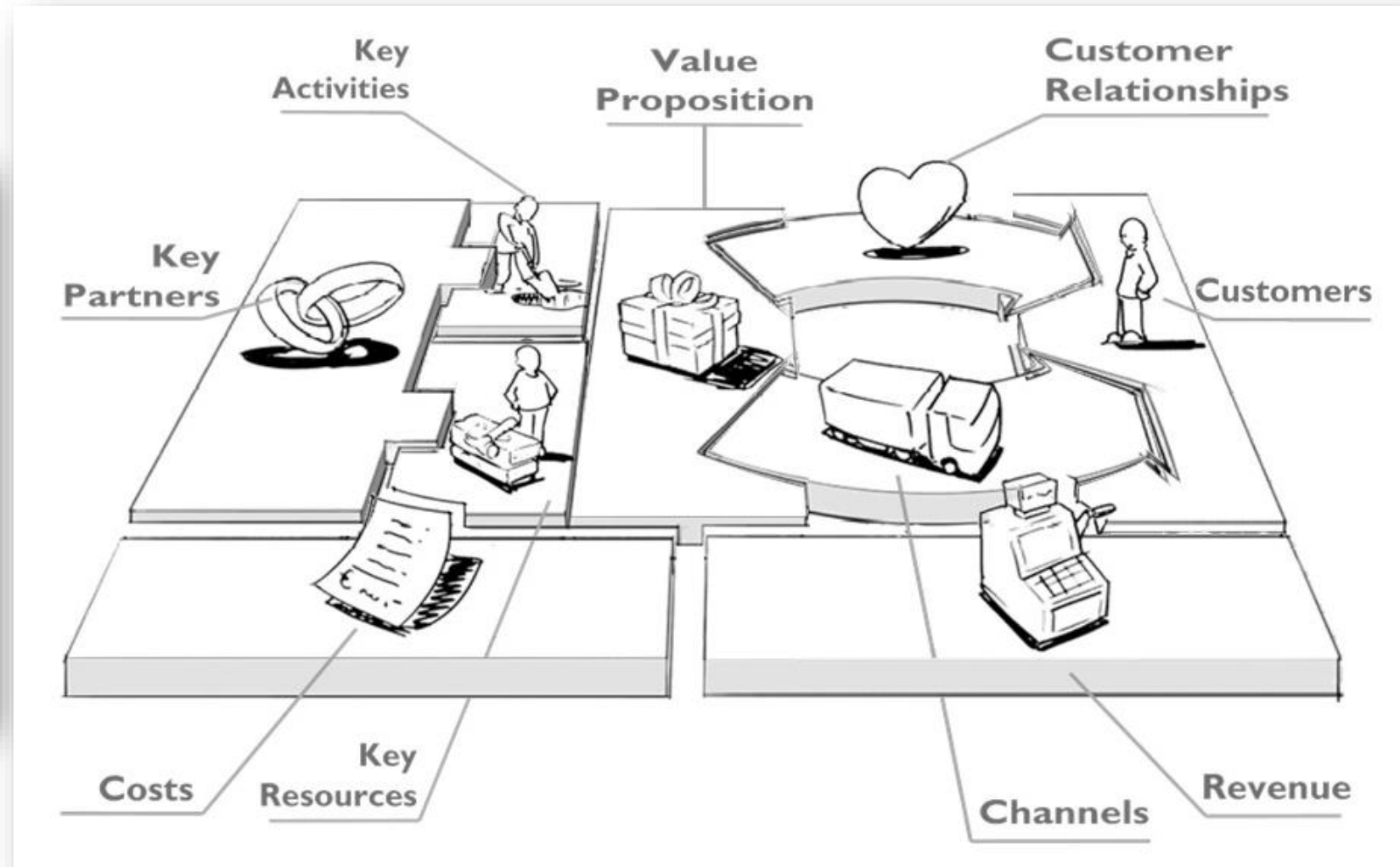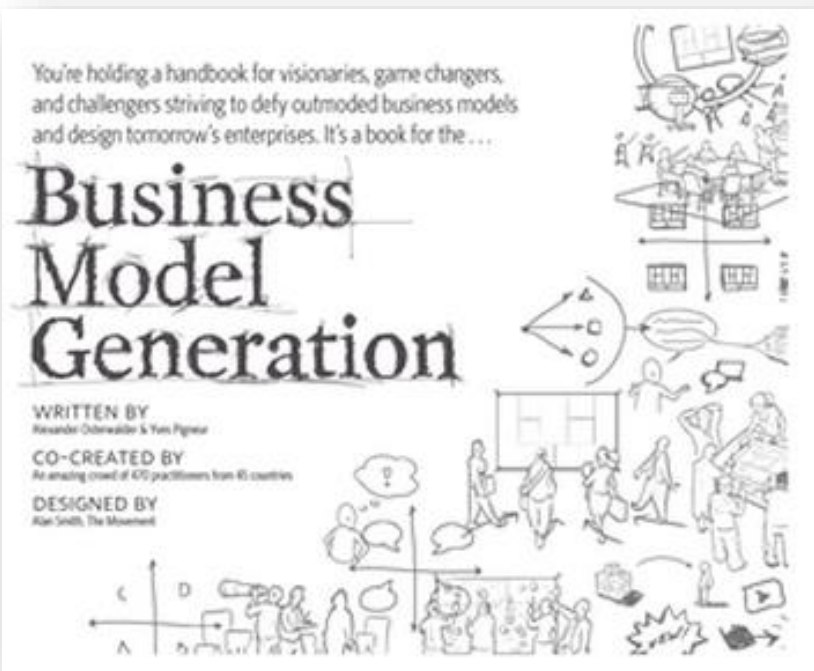
The Value Proposition Canvas
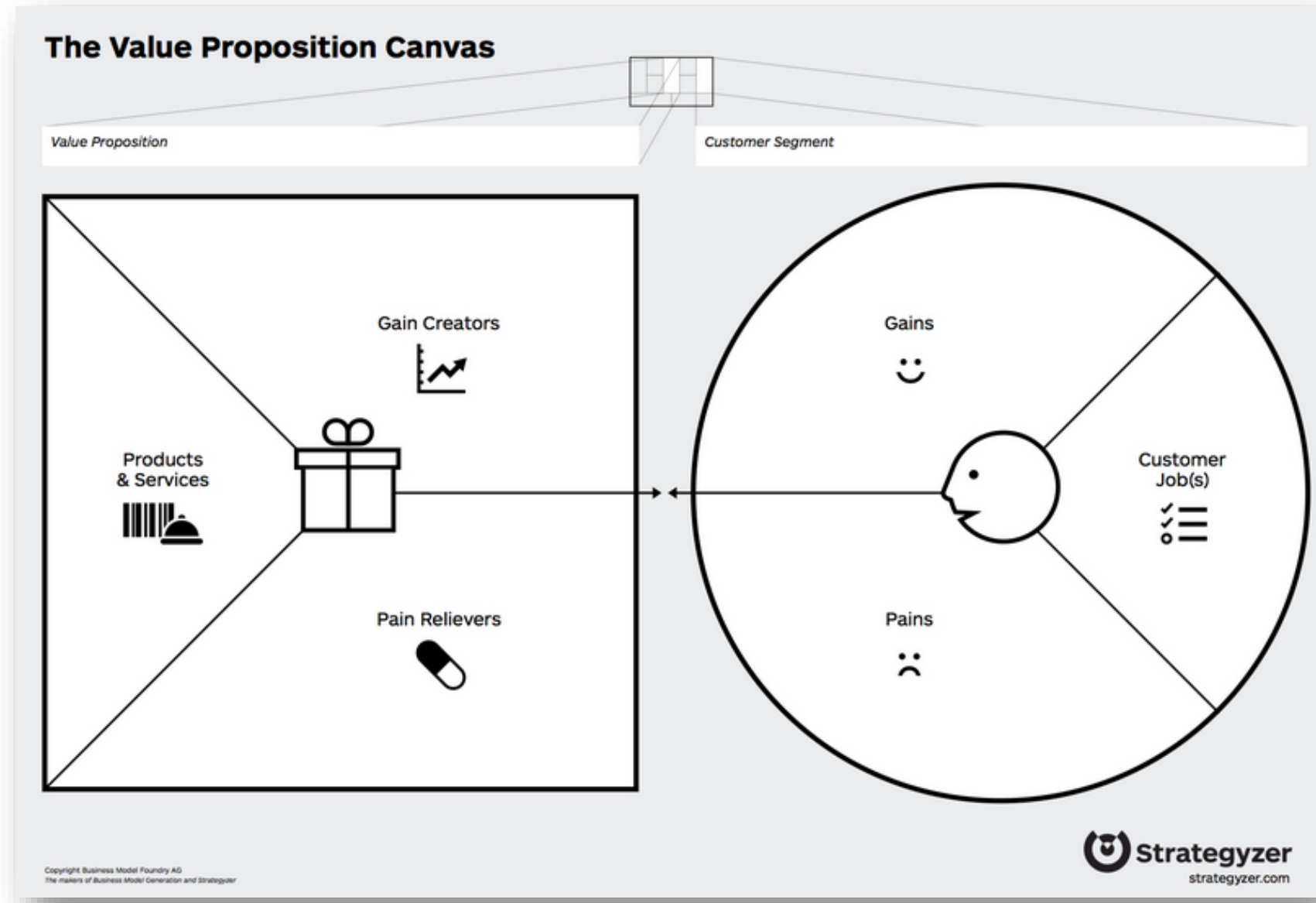
Business Model Canvas

Strategyzer tool structure
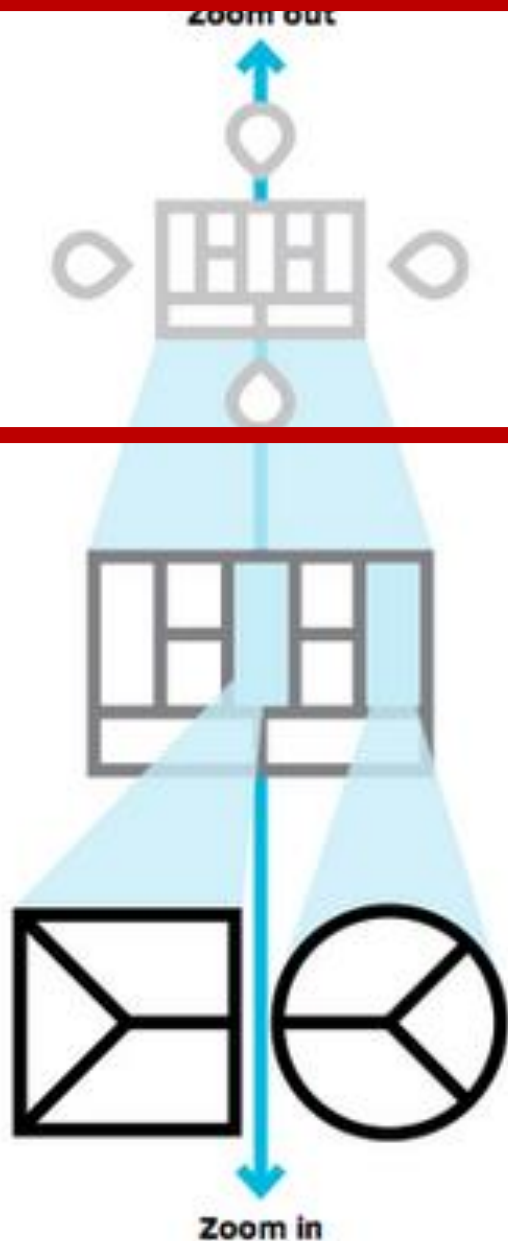
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Zoom out

Zoom in

8

Strategyzer tool structure

Zoom out

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Business Model Canvas

Key Trends

Technology Trends
Regulatory Trends
Societal & Cultural Trends
Socioeconomic Trends

Industry Forces

Competitors (Incumbents)
New entrants (Insurgents)
Substitute Products & Services
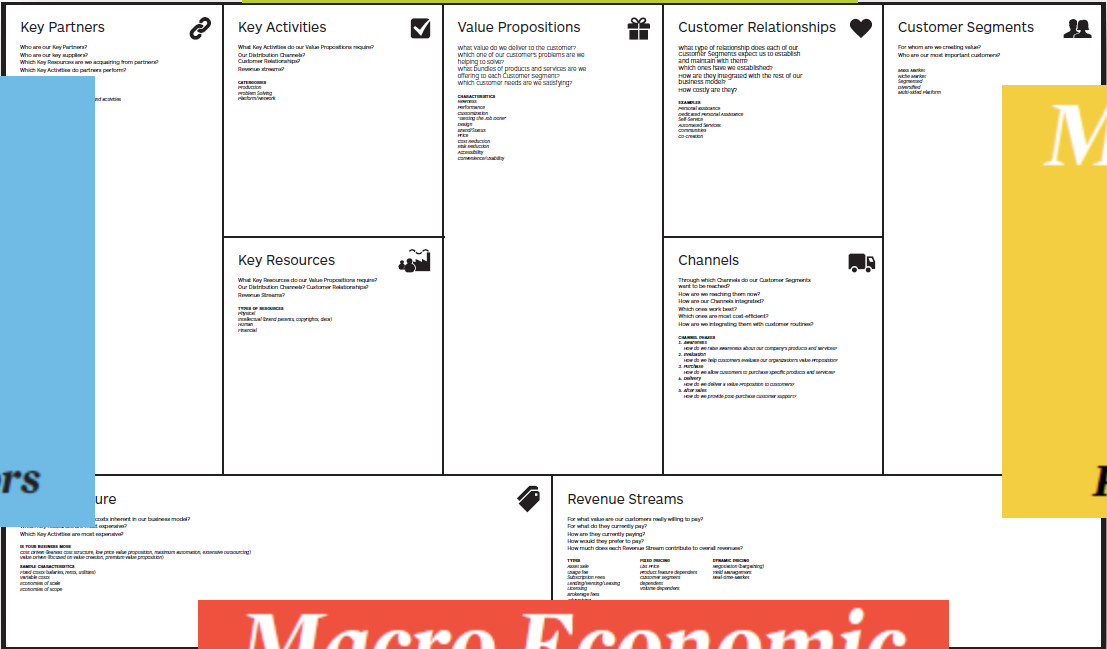**Stakeholders**
Suppliers & other Value Chain Actors

Market Forces

Market Issues
Market Segments
Needs & Demands
Switching Costs
Revenue Attractiveness
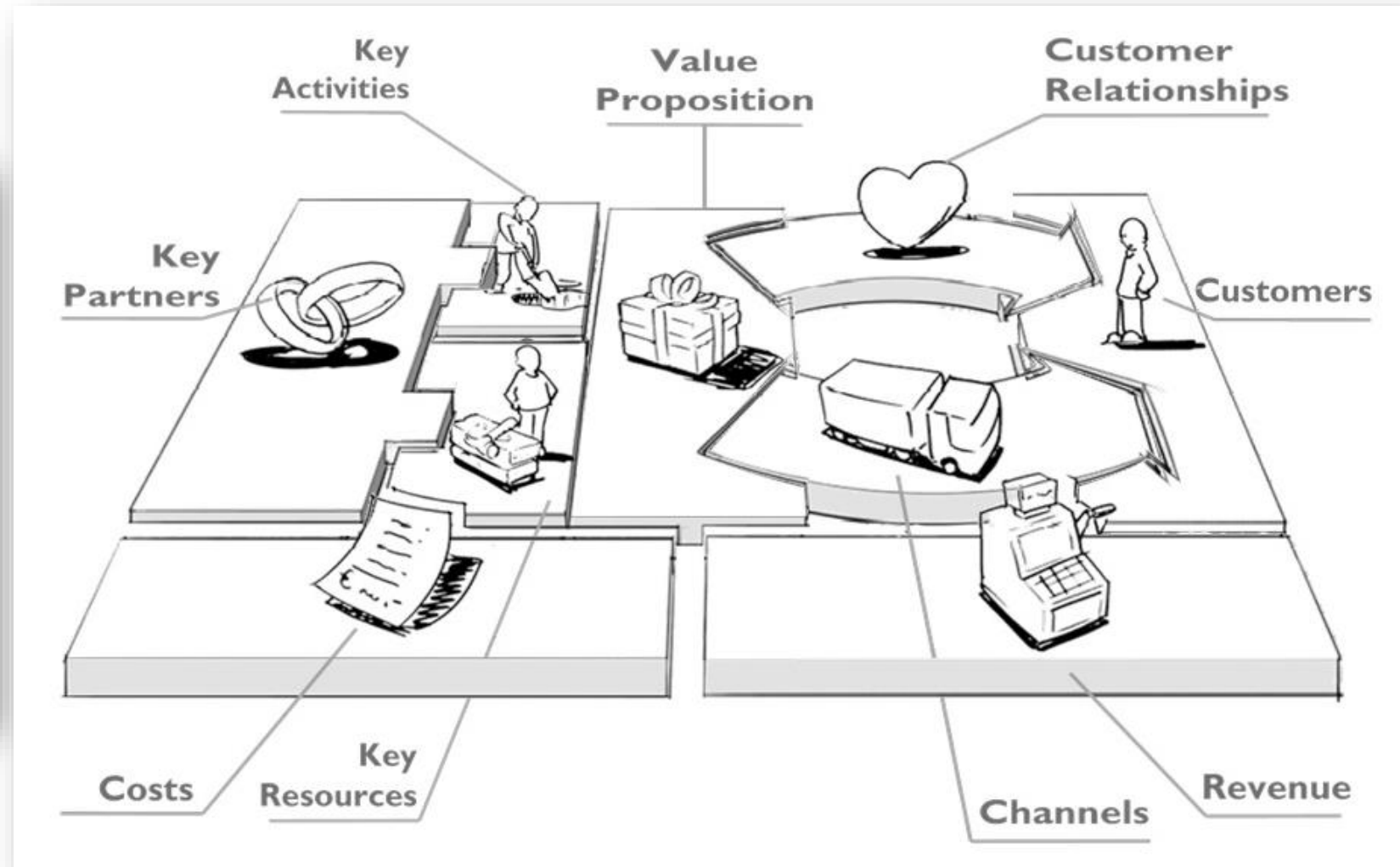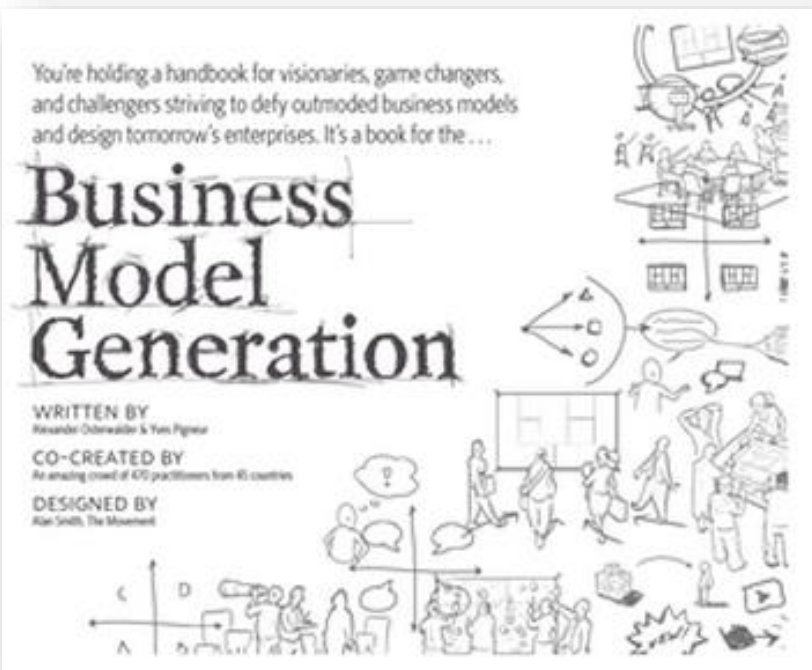
Macro Economic Forces

Global Market Conditions
Capital Markets
Commodities and Other Resources
Economic Infrastructure

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?

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

CATEGORIES
production
Problem Solving
Platform/network

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

TYPES OF RESOURCES
Physical
intellectual (brand patents, copyrights, data)
human
Financial

Value Propositions 🎁
what value do we deliver to the customer?
which one of our customers problems are we helping to solve?
what bundles of products and services are we offering to each Customer segment?
which customer needs are we satisfying?

CHARACTERISTICS
Newness
Performance
Customization
"Getting the Job Done"
Design
Brand/Status
Price
Cost Reduction
Risk Reduction
Accessibility
Convenience/Usability

Customer Relationships ♥
what type of relationship does each of our Customer Segments expect us to establish and maintain with them?
How are they integrated with the rest of our business model?
How costly are they?

EXAMPLES
Personal assistance
Dedicated Personal Assistance
Self-Service
Automated Services
Communities
Co-creation

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 PHASES
1. awareness
how do we raise awareness about our company's products and services?
2. evaluation
how do we help customers evaluate our organization's value proposition?
3. purchase
how do we allow customers to purchase specific products and services?
4. delivery
how do we deliver a value proposition to customers?
5. after sales
how do we provide post-purchase customer support?

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

Mass Market
Niche Market
Segmented
Diversified
Multi-sided Platform

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?

IS YOUR BUSINESS MORE
cost driven (leanest cost structure, low price value proposition, maximum automation, extensive outsourcing)
value driven (focused on value creation, premium value proposition)

SAMPLE CHARACTERISTICS
Fixed costs (salaries, rents, 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?

TYPES
Asset sale
Usage fee
Subscription Fees
Lending/Renting/Leasing
Licensing
Brokerage fees

FIXED PRICING
List price
product feature dependent
customer segment
dependent
volume dependent

DYNAMIC PRICING
Negotiation (bargaining)
Yield management
real-time-market

Key Trends

Industry Forces

Market Forces

Key Partners	Key Activities	Value Proposition	Customer Relationship	Customer Segments
	Key Resources		Channel	

Cost Structure	Revenue Streams

Macro Economic Forces

The Value Proposition Canvas

Customer segments

Key Question on CS

? For whom are you creating value

? What is the job-to-be-done of your customers

? What problems are they trying to solve

? How will you group (segment) your customers, based on their jobs and problems
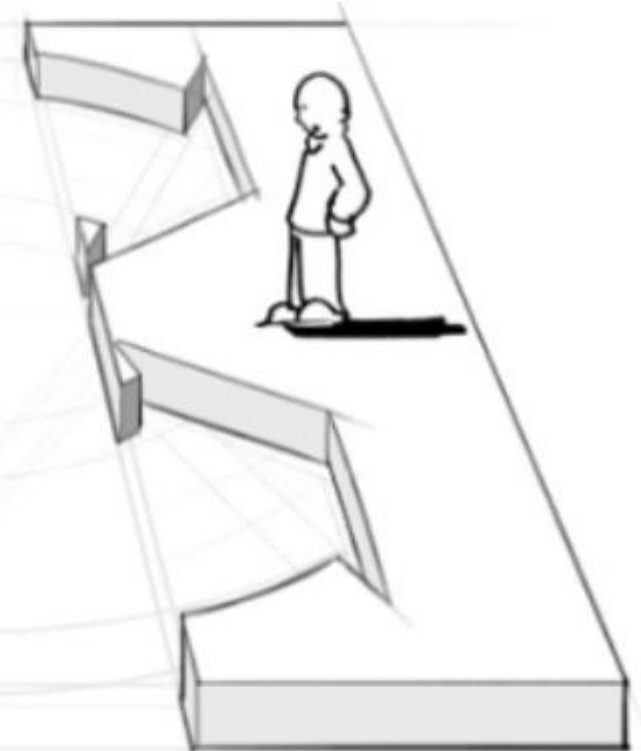
Value proposition

Key Question on VP

? **What are you delivering that is of value to the customer**

? **What need are you satisfying that helps the customer get a job done or solve a problem**

? **What are the key pains and gains you are addressing for the customer.**
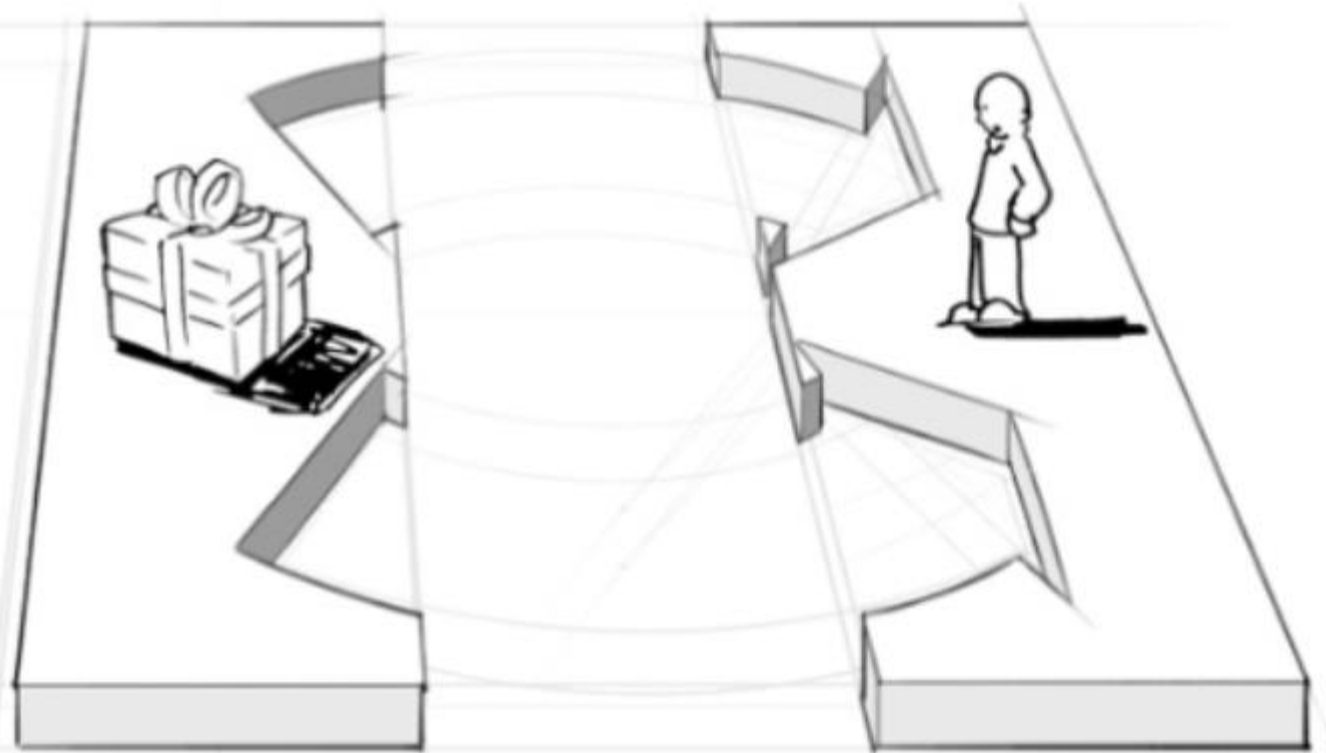
Distribution channels

Key Question on CH

? **How do you communicate with your customers**

? **How are products and services delivered or distributed**

? **How is business transacted with customers**

? **Which channels are direct or indirect**
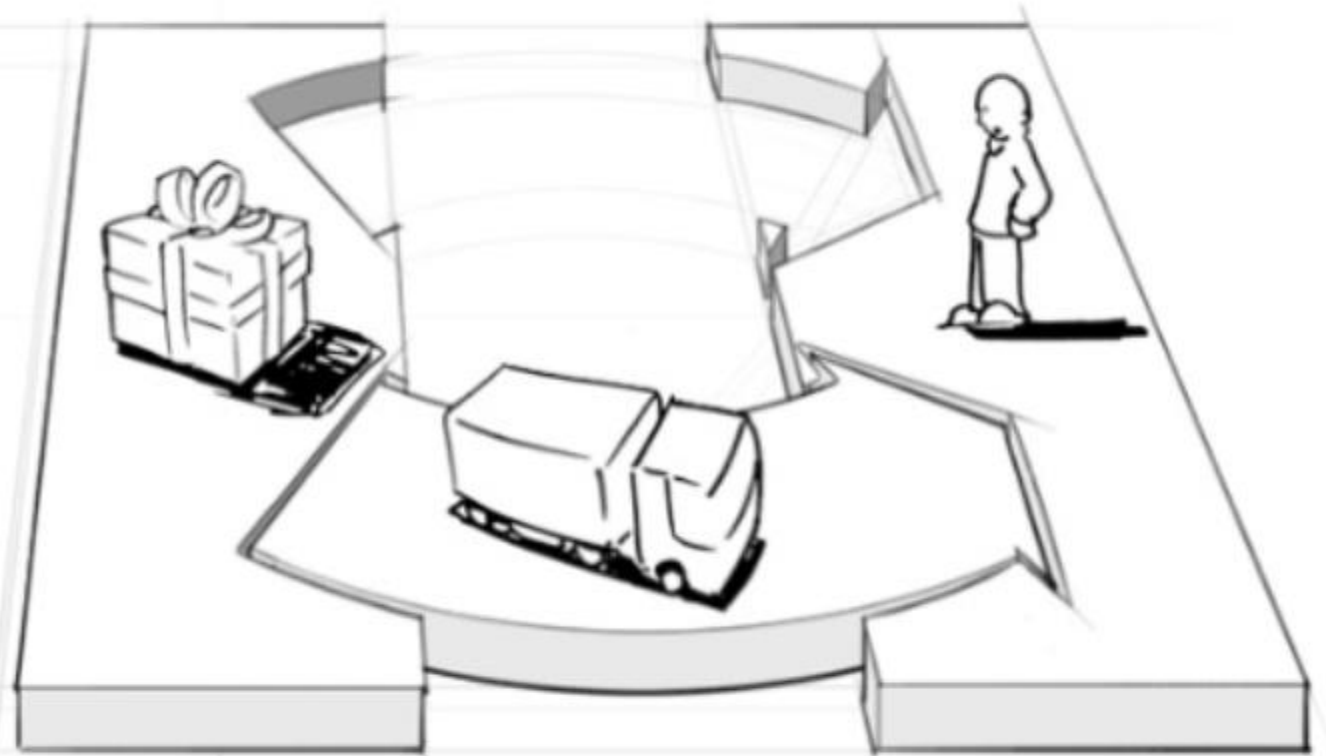
Customer relationships

Key Question on CR

? **What kind of relationship does your customer want – personal, automated**

? **What are your strategies to attract new customers**

? **How will you retain your customer's participation**

? **How will you get them to increase their interaction**
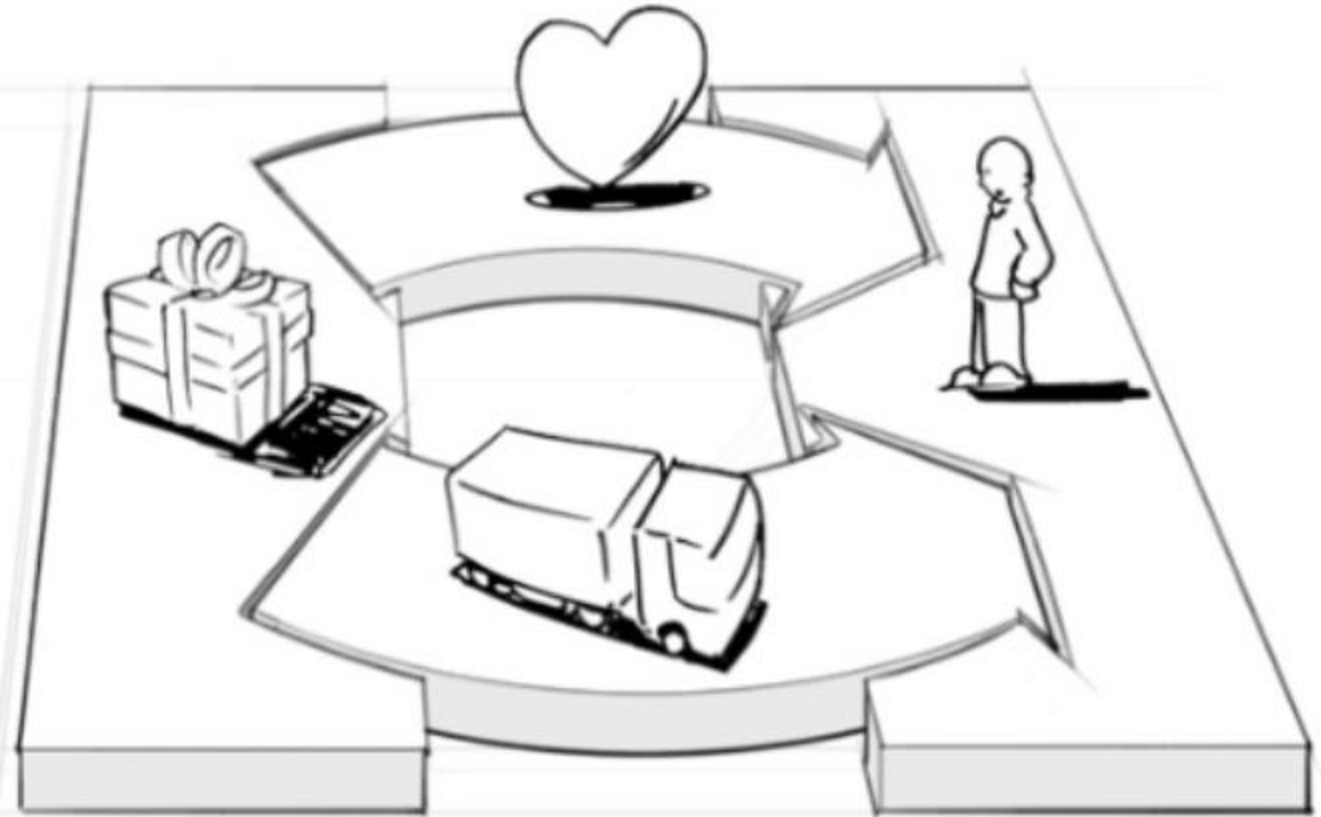
Revenue streams

Key Question on R$

? **For what value are customers willing to pay**

? **How often will they pay – transaction or recurring**

? **What is the revenue type – sales, subscription, use , license, advertising...**

? **To what segment-value is the revenue connected**
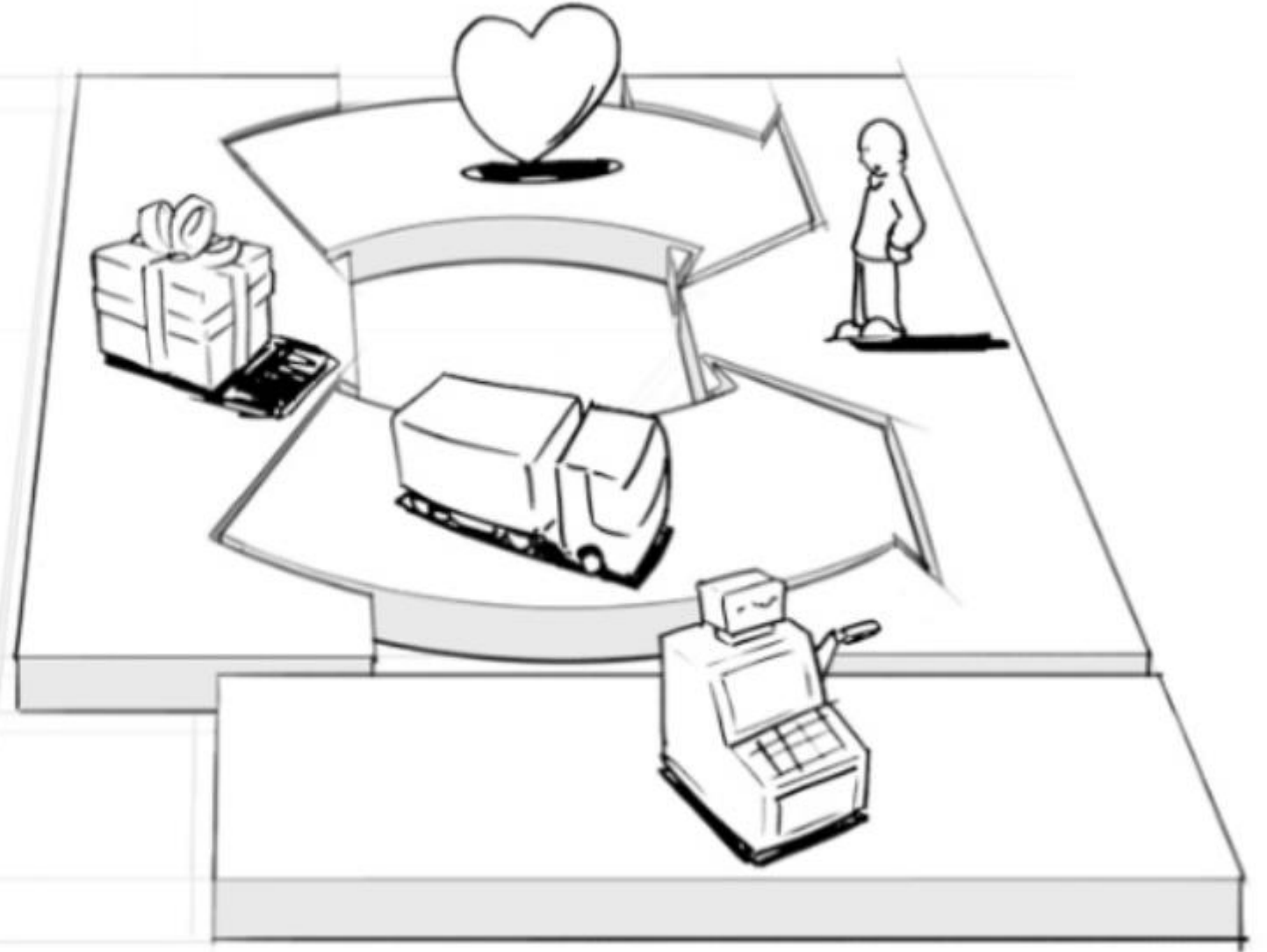
Key resources

Key Question on KR

? **What tangible resources do you need (plants, stores, IT)**

? **What intangible resources do you need (data, licenses)**

? **What human resource is critical (expertise, people)**

? **What finances do you need to build, launch or grow**
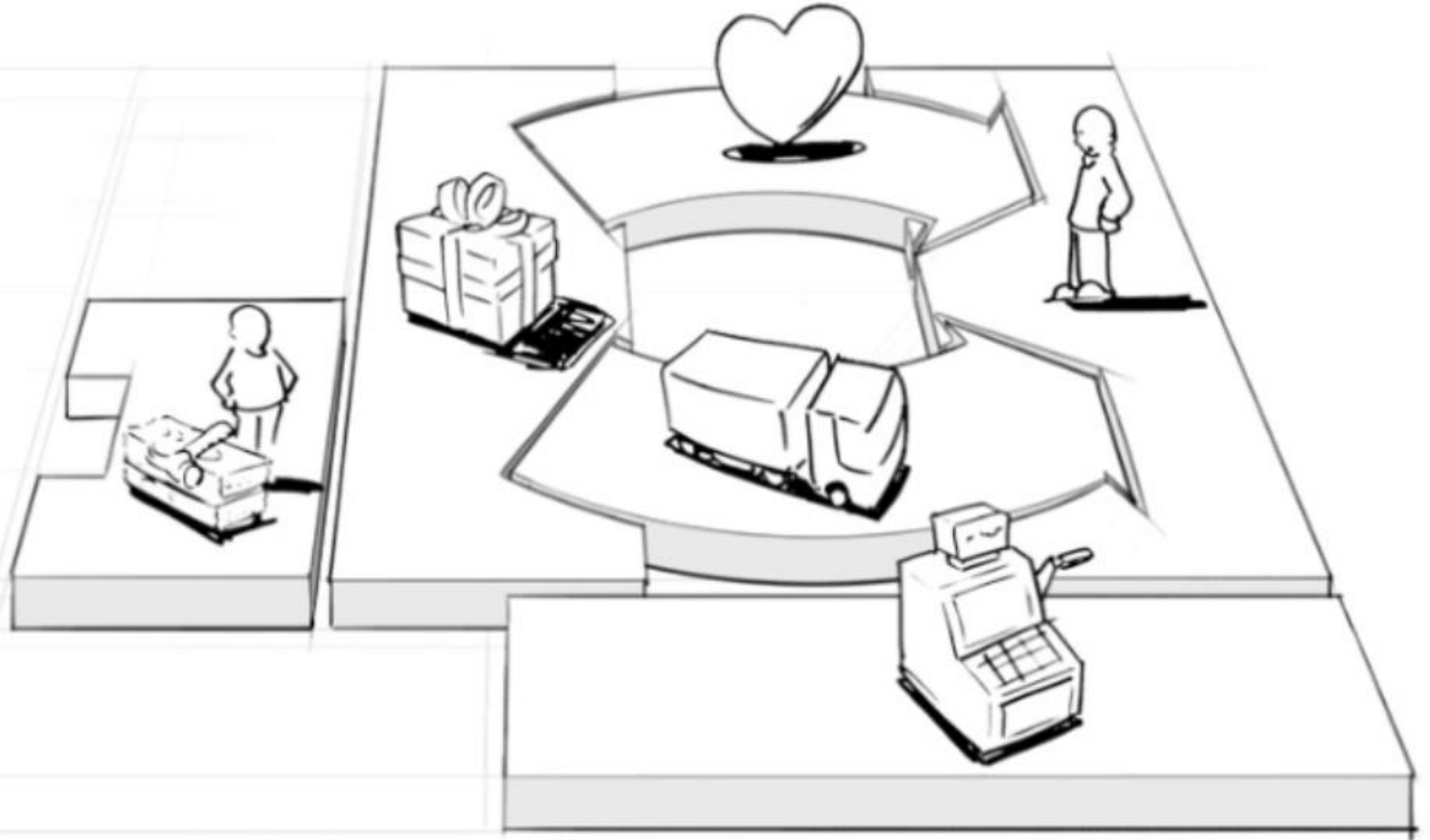
Key activities
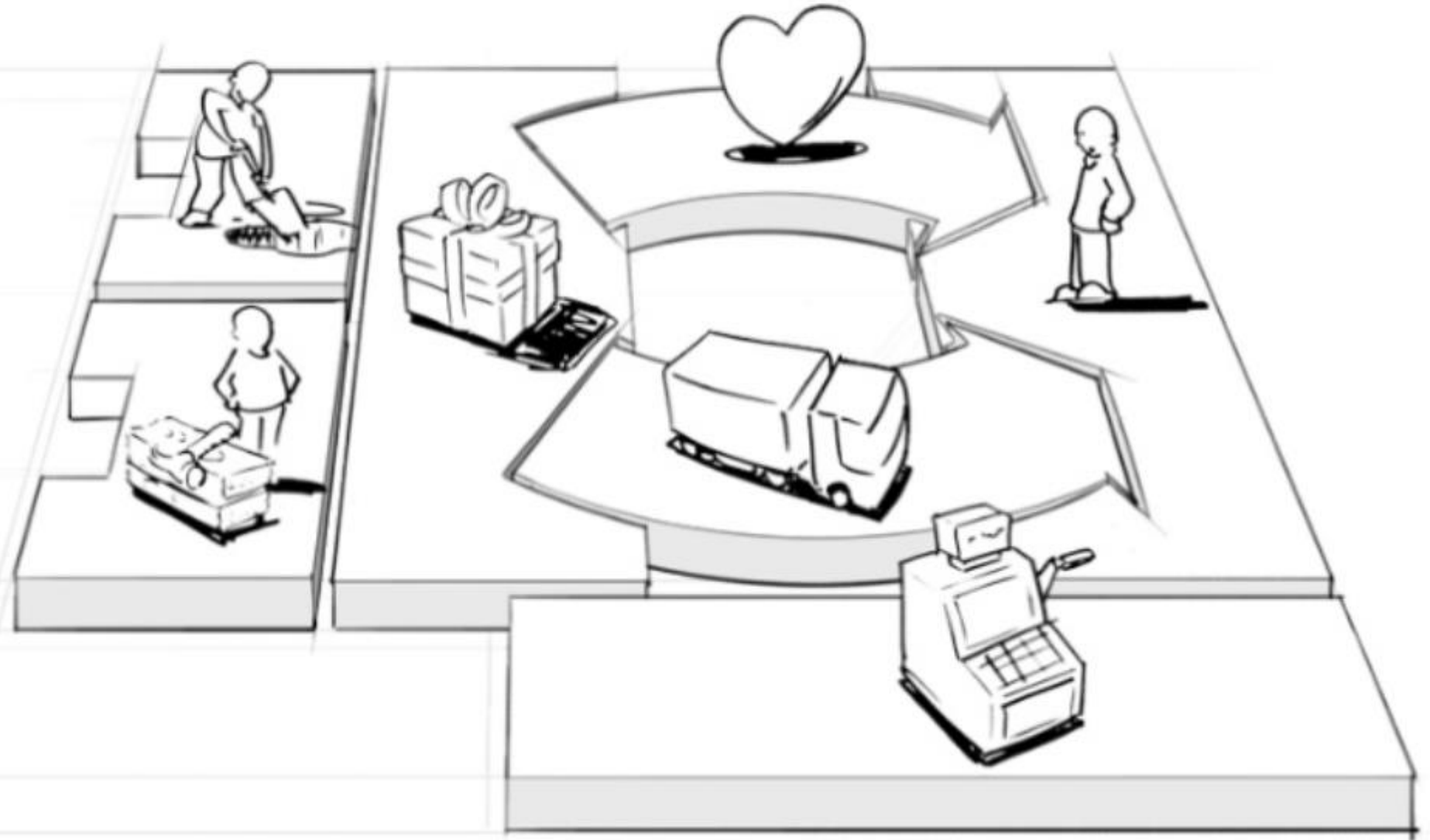
Partners

Key Question on KP

?   **Who are your suppliers**

?   **Who is providing resources you need for your business**

?   **Who is integrated into your activities**

?   **Who is providing support to your Key Activities (outsourced, open innovation)**
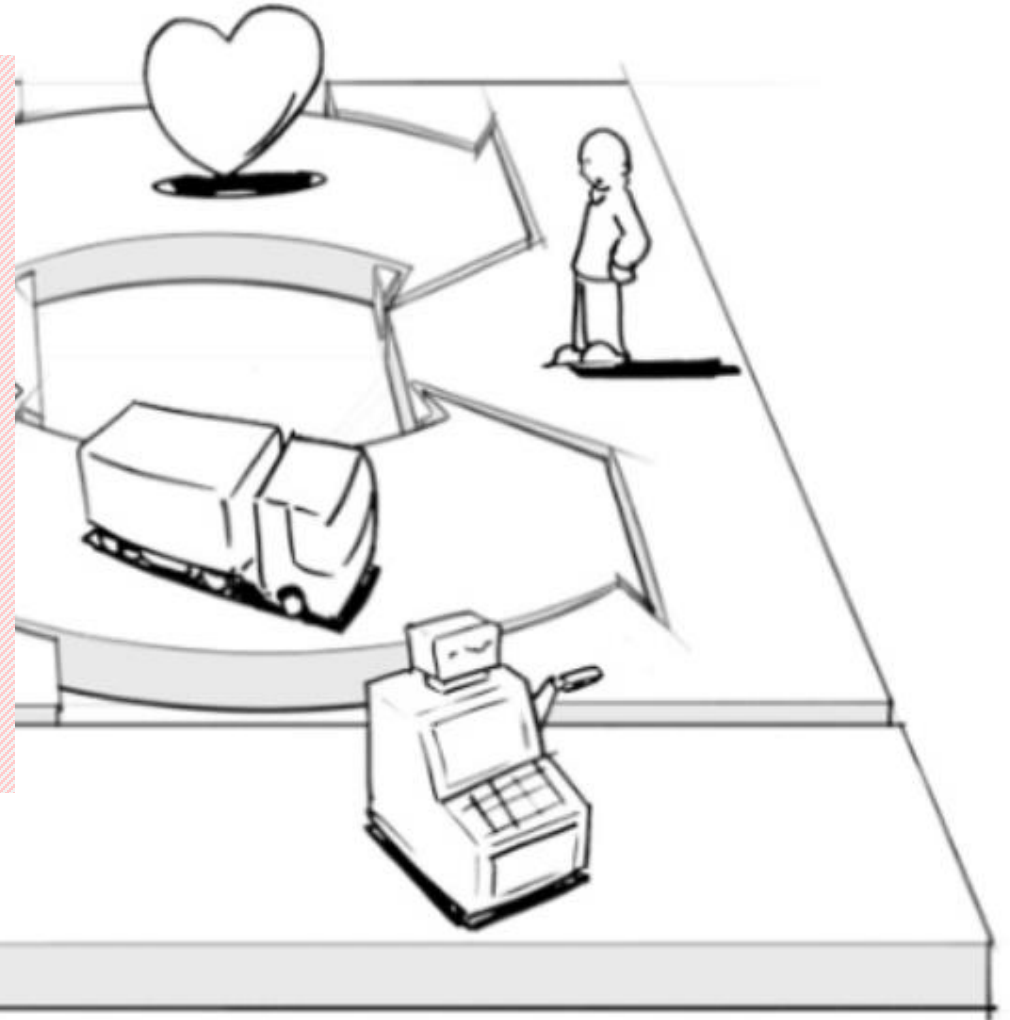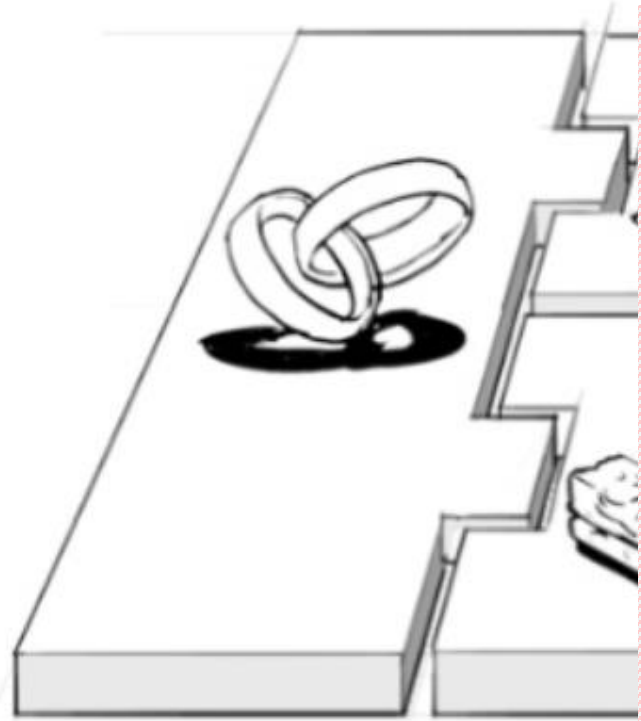
Cost structure

Business Model Canvas

Key Partners	Key Activities	Value Propositions	Customer Relationships	Customer Segments
	Key Resources		Channels	
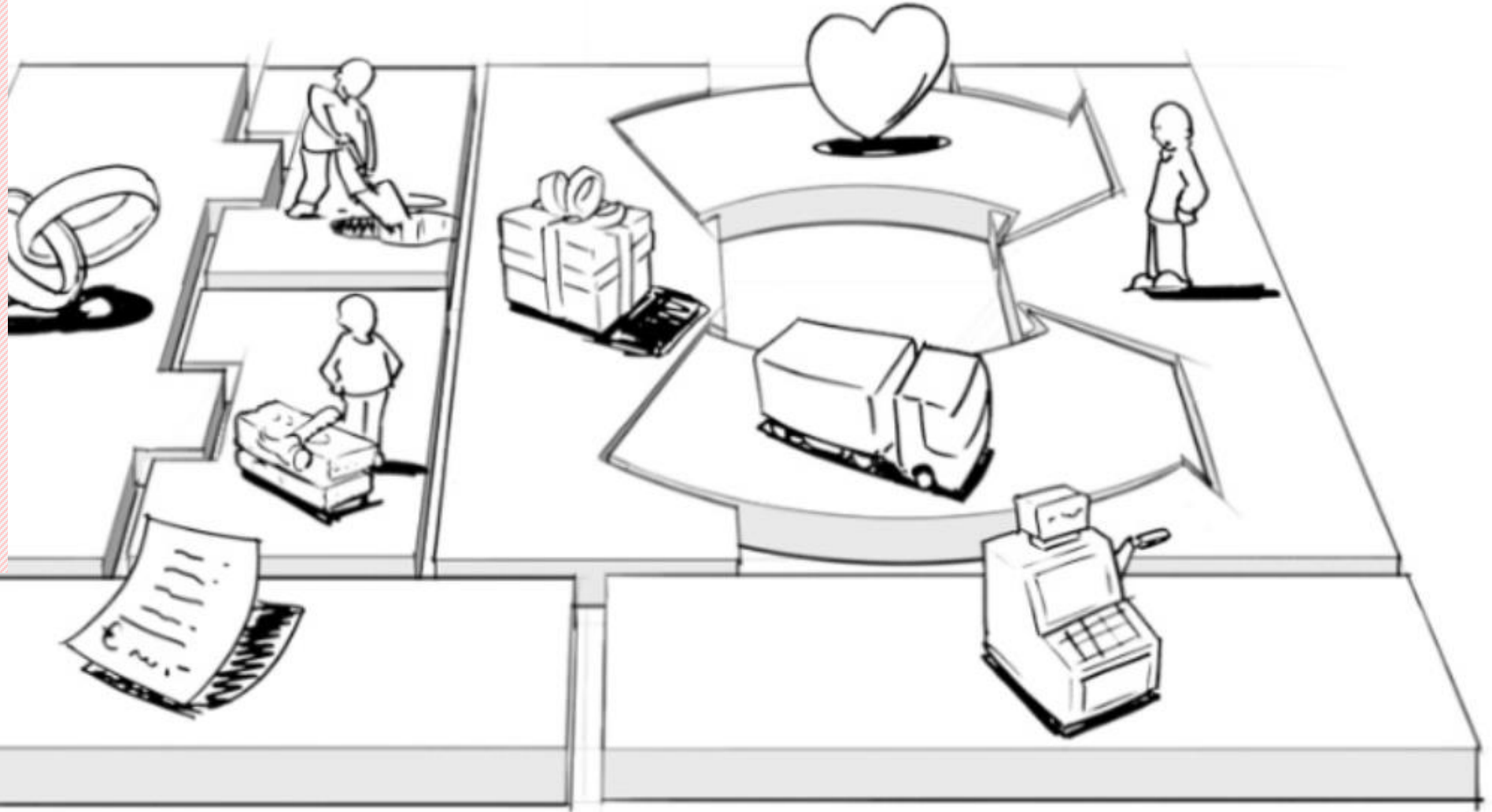
Cost Structure	Revenue Streams
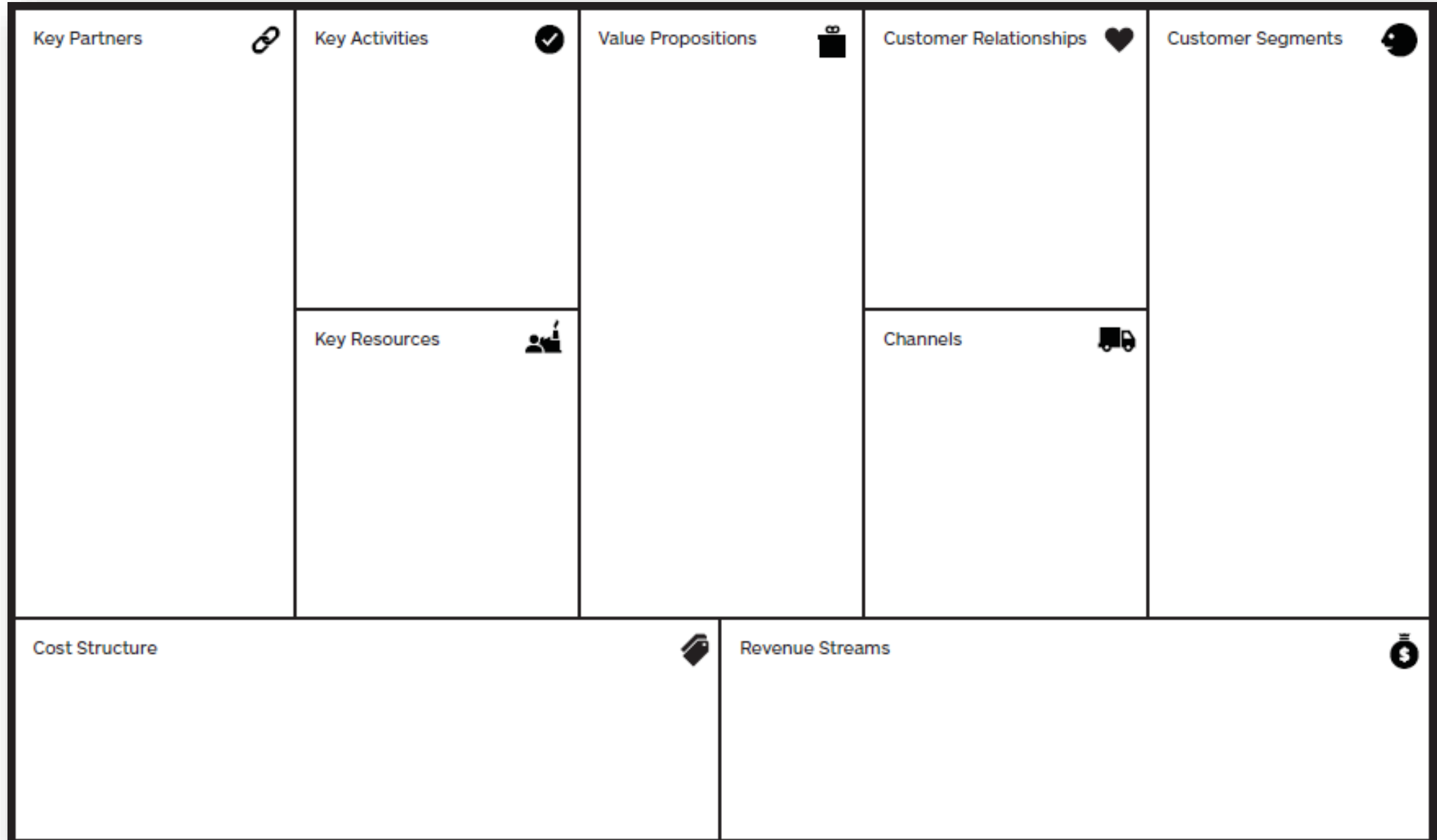
Your turn to build a BMC!

amazon.com®

Use the following 17 building blocks to complete Amazon's Business Model Canvas:

Marketing	Affiliates	3rd Party Sellers	Books & Retail Stuff	Mass Customer	Mass-Customization
Technology & Content	Fulfilment	IT Infrastructure	People	Delivery	Content management
	Sales Margin	IT Management	Amazon.com	Fulfillment	Inventory & Warehouses

Focus on Amazon as a Book Retailer & Market Place (no Web Services or Kindle)

amazon.com business model

KEY PARTNERS	KEY ACTIVITIES	VALUE PROPOSITION	CUSTOMER RELATIONSHIP	CUSTOMER SEGMENT

FULFILLMENT

CONTENT MANAGEMENT

IT MANAGEMENT

3RD PARTY SELLERS

DELIVERY

BOOKS AND RETAIL STUFF

MASS-CUSTOMIZATION

MASS CUSTOMER

KEY RESOURCES

PEOPLE

IT INFRASTRUCTURE

INVENTORY & WAREHOUSES

DISTRIBUTION CHANNEL

AMAZON.COM

AFFILIATES

COST

FULLFILMENT

MARKETING

TECHNOLOGY & CONTENT

REVENUES

SALES MARGIN

Value Proposition Design

Strategyzer tool structure
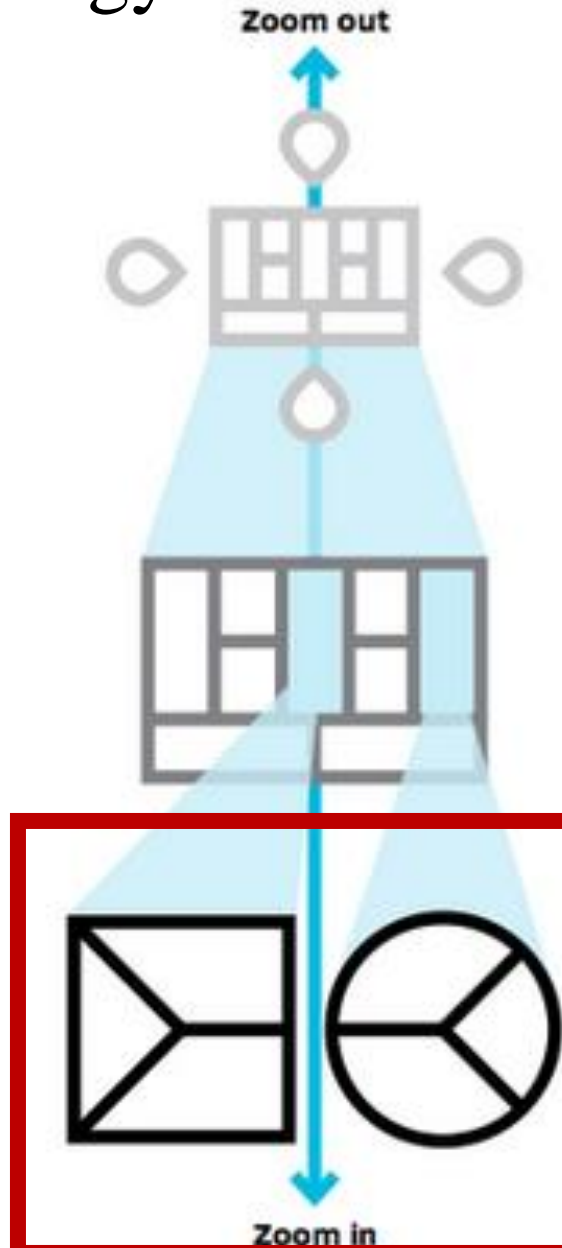
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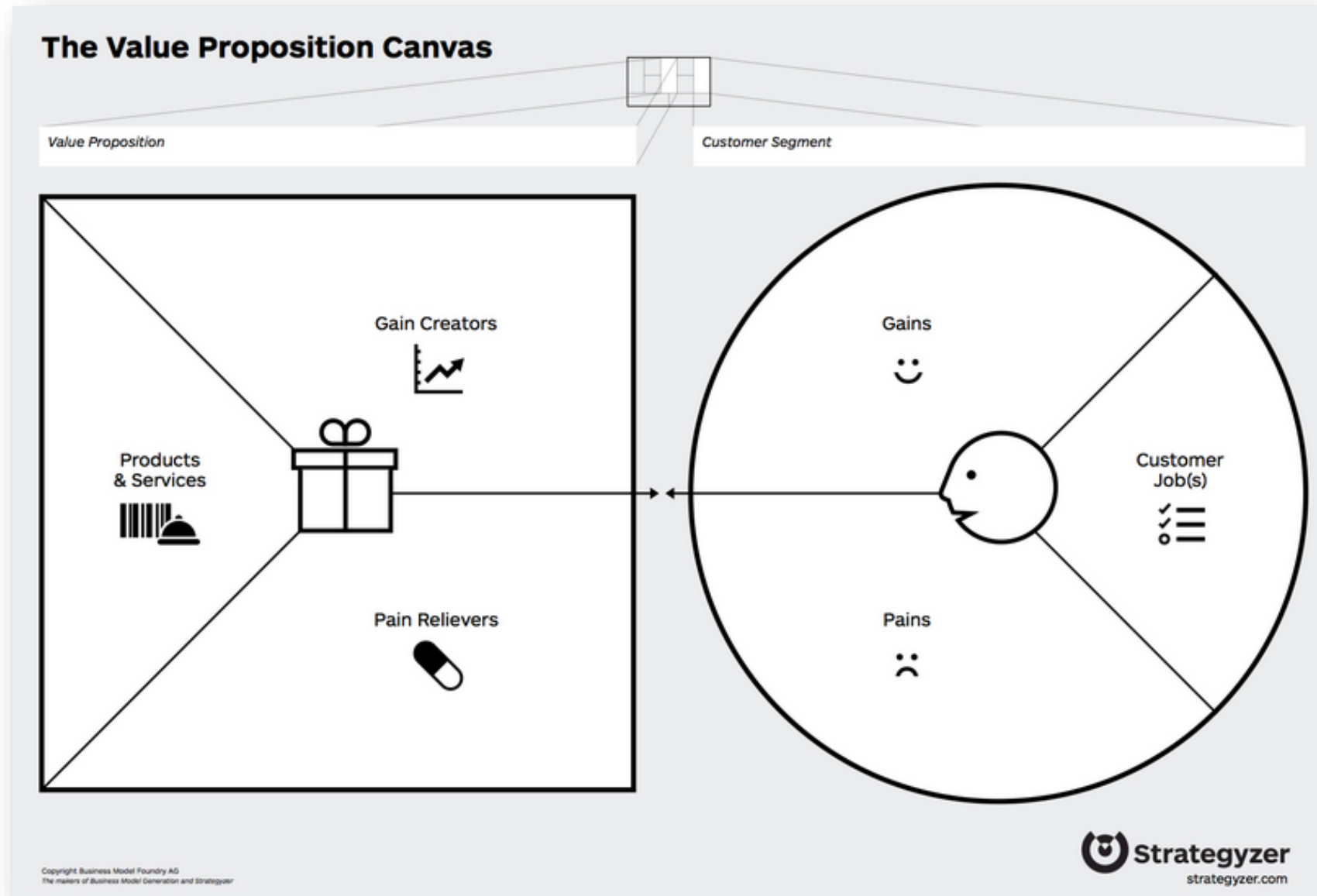
Value propositions are based on customer jobs, pains & gains

Customer Profile + **Value Map** = **Value Prop Template**

The Value Proposition Canvas

Value Proposition

Customer Segment

Products & Services

List all the products and services your value proposition is built around.

Which products and services do you offer that help your customer get either a functional, social, or emotional job done, or help him/her satisfy basic needs?

Which ancillary products and services help your customer perform the roles of:

Buyer
(e.g. products and services that help customers compare offers, decide, buy, take delivery of a product or service, ...)

Co-creator
(e.g. products and services that help customers co-design solutions, otherwise contribute value to the solution, ...)

Transferer
(e.g. products and services that help customers dispose of a product, transfer it to others, or resell, ...)

Products and services may either be tangible (e.g. manufactured goods, face-to-face customer service), digital/virtual (e.g. downloads, online recommendations), intangible (e.g. copyrights, quality assurance), or financial (e.g. investment funds, financing services).

Rank all products and services according to their importance to your customer.

Are they crucial or trivial to your customer?

Gain Creators

Describe how your products and services create customer gains.

How do they create benefits your customer expects, desires or would be surprised by, including functional utility, social gains, positive emotions, and cost savings?

Do they...

Create savings that make your customer happy?
(e.g. in terms of time, money and effort, ...)

Produce outcomes your customer expects or that go beyond their expectations?
(e.g. better quality level, more of something, less of something, ...)

Copy or outperform current solutions that delight your customer?
(e.g. regarding specific features, performance, quality, ...)

Make your customer's job or life easier?
(e.g. flatter learning curve, usability, accessibility, more services, lower cost of ownership, ...)

Create positive social consequences that your customer desires?
(e.g. makes them look good, produces an increase in power, status, ...)

Do something customers are looking for?
(e.g. good design, guarantees, specific or more features, ...)

Fulfill something customers are dreaming about?
(e.g. help big achievements, produce big reliefs, ...)

Produce positive outcomes matching your customers success and failure criteria?
(e.g. better performance, lower cost, ...)

Help make adoption easier?
(e.g. lower cost, less investments, lower risk, better quality, performance, design, ...)

Rank each gain your products and services create according to its relevance to your customer. Is it substantial or insignificant? For each gain indicate how often it occurs.

Pain Relievers

Describe how your products and services alleviate customer pains. How do they eliminate or reduce negative emotions, undesired costs and situations, and risks your customer experiences or could experience before, during, and after getting the job done?

Do they...

Produce savings?
(e.g. in terms of time, money, or efforts, ...)

Make your customers feel better?
(e.g. kills frustrations, annoyances, things that give them a headache, ...)

Fix underperforming solutions?
(e.g. new features, better performance, better quality, ...)

Put an end to difficulties and challenges your customers encounter?
(e.g. make things easier, helping them get done, eliminate resistance, ...)

Wipe out negative social consequences your customers encounter or fear?
(e.g. loss of face, power, trust, or status, ...)

Eliminate risks your customers fear?
(e.g. financial, social, technical risks, or what could go awfully wrong, ...)

Help your customers better sleep at night?
(e.g. by helping with big issues, diminishing concerns, or eliminating worries, ...)

Limit or eradicate common mistakes customers make?
(e.g. usage mistakes, ...)

Get rid of barriers that are keeping your customer from adopting solutions?
(e.g. lower or no upfront investment costs, flatter learning curve, less resistance to change, ...)

Rank each pain your products and services kill according to their intensity for your customer. Is it very intense or very light?
For each pain indicate how often it occurs. Risks your customer experience or could experience before, during, and after getting the job done?

Gains

Describe the benefits your customer expects, desires or would be surprised by. This includes functional utility, social gains, positive emotions, and cost savings.

Which savings would make your customer happy?
(e.g. in terms of time, money and effort, ...)

What outcomes does your customer expect and what would go beyond his/her expectations?
(e.g. quality level, more of something, less of something, ...)

How do current solutions delight your customer?
(e.g. specific features, performance, quality, ...)

What would make your customer's job or life easier?
(e.g. flatter learning curve, more services, lower cost of ownership, ...)

What positive social consequences does your customer desire?
(e.g. makes them look good, increase in power, status, ...)

What are customers looking for?
(e.g. good design, guarantees, specific or more features, ...)

What do customers dream about?
(e.g. big achievements, big reliefs, ...)

How does your customer measure success and failure?
(e.g. performance, cost, ...)

What would increase the likelihood of adopting a solution?
(e.g. lower cost, less investments, lower risk, better quality, performance, design, ...)

Rank each gain according to its relevance to your customer. Is it substantial or is it insignificant? For each gain indicate how often it occurs.

Pains

Describe negative emotions, undesired costs and situations, and risks that your customer experiences or could experience before, during, and after getting the job done.

What does your customer find too costly?
(e.g. takes a lot of time, costs too much money, requires substantial efforts, ...)

What makes your customer feel bad?
(e.g. frustrations, annoyances, things that give them a headache, ...)

How are current solutions underperforming for your customer?
(e.g. lack of features, performance, malfunctioning, ...)

What are the main difficulties and challenges your customer encounters?
(e.g. understanding how things work, difficulties getting things done, resistance, ...)

What negative social consequences does your customer encounter or fear?
(e.g. loss of face, power, trust, or status, ...)
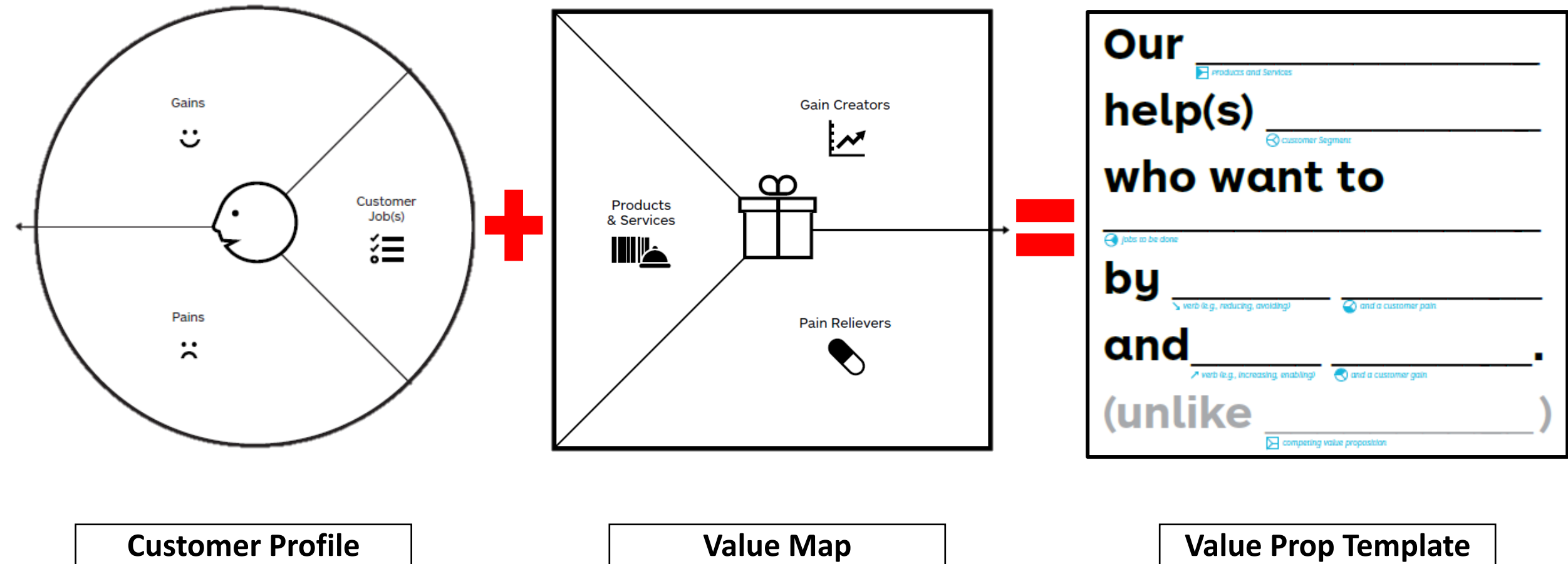
What risks does your customer fear?
(e.g. financial, social, technical risks, or what could go awfully wrong, ...)

What's keeping your customer awake at night?
(e.g. big issues, concerns, worries, ...)

What common mistakes does your customer make?
(e.g. usage mistakes, ...)

What barriers are keeping your customer from adopting solutions?
(e.g. upfront investment costs, learning curve, resistance to change, ...)

Rank each pain according to the intensity it represents for your customer.
Is it very intense or is it very light?
For each pain indicate how often it occurs.

Customer Job(s)

Describe what a specific customer segment is trying to get done. It could be the tasks they are trying to perform and complete, the problems they are trying to solve, or the needs they are trying to satisfy.

What functional jobs are you helping your customer get done? (e.g. perform or complete a specific task, solve a specific problem, ...)

What social jobs are you helping your customer get done? (e.g. trying to look good, gain power or status, ...)

What emotional jobs are you helping your customer get done? (e.g. esthetics, feel good, security, ...)

What basic needs are you helping your customer satisfy? (e.g. communication, sex, ...)

Besides trying to get a core job done, your customer performs ancillary jobs in different roles. Describe the jobs your customer is trying to get done as:

Buyer (e.g. trying to look good, gain power or status, ...)

Co-creator (e.g. esthetics, feel good, security, ...)

Transferer (e.g. products and services that help customers dispose of a product, transfer it to others, or resell, ...)

Rank each job according to its significance to your customer. Is it crucial or is it trivial? For each job indicate how often it occurs.

Outline in which specific context a job is done, because that may impose constraints or limitations.
(e.g. while driving, outside, ...)